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# The Solari Report

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## The Exchange Stabilization Fund with Rob Kirby



Catherine Austin Fitts



Rob Kirby



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**C. Austin Fitts:** Ladies and gentlemen, it is a real pleasure to welcome to The Solari Report a longtime ally and colleague, Rob Kirby of Kirby Analytics. You can find him on the web. He is also a very popular guest at *USA Watchdog* and other websites that The Solari Report subscribers are familiar with.

We are together in Toronto at your lovely kitchen counter, and we are discussing the Exchange Stabilization Fund, which is a part of the US Treasury. I would consider Rob an expert on the Exchange Stabilization Fund outside of the intelligence agencies.

So, Rob Kirby, welcome to The Solari Report.

**Rob Kirby:** My pleasure to have this opportunity to have a discussion about our favorite slush fund, Catherine.

**C. Austin Fitts:** I call it the ‘mother of all slush funds’.

So for short, let’s call it by the acronym, the ESF. So tell us: What is the ESF? Tell us how it got started and how it is structured. What is it, and how did it start?



**Rob Kirby:** Well, the story of the Exchange Stabilization Fund begins with the confiscation of gold from American citizenry, which occurred in April of 1933 – to be exact. The gold was confiscated, and by ‘confiscated’, American citizens were ordered to turn their gold over to the Federal Reserve in exchange for \$20 and change per ounce for the gold that was surrendered. Lo and behold, six months later in January of 1934, gold was revalued up from \$20 and change per ounce to \$35 per ounce.

This resulted in roughly a \$3 billion windfall profit on the revaluation, and this windfall profit was used as seed money for the Exchange Stabilization Fund. The ESF was created effectively by an act of Congress. From that day forward, this institution, which was minted out of thin air, became the most powerful financial entity on the planet by virtue of the money it was seeded with.

It was created with no oversight, and no oversight thereafter. It was operated at the sole discretion of the President of the United States in conjunction with the Secretary of the Treasury. As such, everything it did was deemed to be in the subject or under condition of national interest. So basically, everything it did was secretive.

It was operated above all laws and was subject to no laws. So this was an entity that was created with the almighty hammer, bigger money than any entity had ever had at its disposal prior, and it had free hand to do whatever it wanted.

**C. Austin Fitts:** Right, and it brought authority to intervene in all the markets, the commodities, and the sure things.



**Rob Kirby:** Yes, and as it was created, it had at its disposal the intelligence community of the United States of America and the armed services of the United States of America to act on its behalf with impunity, and to intervene in financial markets through the auspices of the US Federal Reserve and, specifically, the New York Fed trading desk, which acted as its broker.

**C. Austin Fitts:** So one thing that I think is so unique about the Exchange Stabilization Fund is that its entire operation is divorced from the civil service employees at Treasury. It is under the governance of the President and the Secretary of the Treasury, but all books, records, and operations are at the New York Fed and the New York Fed member banks', agents for the New York Fed.

It doesn't actually exist within the US government. As an operational matter, it exists within the banks – within private banks.

**Rob Kirby:** Yes, within the Federal Reserve, which is not Federal, nor does it have 'reserves', and private banks operate it. So the operational manuals you could say would be buried within the archives – maybe of the Federal Reserve.

**C. Austin Fitts:** You have a private fund under the management of private banks that has broad authority under the law to use the Federal credit and intervene freely in the financial markets with no transparency.



**Rob Kirby:** Absolutely – all with the stated goal of perpetuating the US dollar hegemon or the perpetuation of the US dollar in settlement of international trade accounts.

**C. Austin Fitts:** I tell people that whenever we get a new Administration, I look very seriously at who the Treasury secretary is going to be and who the White House Counsel is going to be. What you have when you talk about the office of the President having jurisdiction, it is actually implemented through the White House Counsel and this parallel line of councils you have running through the different agencies of the government. Then there is the Secretary of the Treasury.

So the people who are in on the deal are certainly the White House Counsel and the Secretary of the Treasury. Because of the market issues, the SEC Commissioner is also important. We will get to it later, but it is very interesting if you observed who got those positions in the Trump Administration. It's truly same-old, same-old.

**Rob Kirby:** I think the important thing that you're pointing out is all these linchpin agencies are connected in a daisy-chain fashion.

**C. Austin Fitts:** Right.

We had a whole series of other things created at the time that the ESF was created, so let's talk through some of them. It's important if you look at the whole financial system – particularly the covert financial system – to see all the different pieces get put into play at a very similar time.



**Rob Kirby:** Yes. As we discussed pre-interview, other things that were created simultaneously with the ESF were the FHA (Federal Housing Administration) and for the listeners who are familiar with the term ‘CAFR’ (Comprehensive Annual Financial Reports). The predecessor for CAFR, which was the National Committee on Municipal Accounting or NCMA, was also created in the same piece of legislation in 1934.

I view that broadly as quite possibly an accounting framework to account for the activities and the actions of the Exchange Stabilization Fund along with anything else that they rolled into at the same time.

**C. Austin Fitts:** What you did with the municipal accounting and with the municipal and legal structure is started to generate enormous pools. Part of the pools was retirement savings and pension funds. So you say to everybody, “Work hard for the government and we will build this pool.”

They built fantastic pools of savings – also in the bonding system – but you have an enormous number of reserves that are building up at the Federal, state, and local government. They didn’t have social security yet, which is one of the pools.

So you have these fantastic pools related to the fixed income markets, related to operations, and related to all sorts of escrows, and also related to the pension and retirement savings. Those pools are available to the ESF for a variety of purposes, including skimming vast amounts off the back end.



**Rob Kirby:** Another way to possibly look at it is thinking in terms of these municipal, state, and Federal pools being legitimate businesses or lines of business. If you had a big, dark element that you wanted to hide in a woodpile, maybe this would be a great way to merge these things so you can't tell the good or the bad from each other.

**C. Austin Fitts:** Right. So social security starts in 1935, and that is the mother of all pools because we know that they never funded it; they just put Treasury securities into it. Then we also have narcotics, which started with the creation of the Federal Reserve, and those started to increase. They absolutely exploded after World War II.

I believe – and I think that you agree – that the narcotics money is running through the ESF.

**Rob Kirby:** Absolutely it is, which is why, when we hear of downed CIA jets full of cocaine, nobody gets prosecuted or goes to jail. If the CIA is operating such an endeavor on behalf of the Exchange Stabilization Fund, it is by definition, “In the interest of national security,” because it is the Exchange Stabilization Fund’s business to do everything in the name of national security, and no questions get asked.

**C. Austin Fitts:** Right. So that is the legal question: Can national security waive the Constitution? We will get to that later.

World War II was a very important time for the ESF. We see a year before the end of the war the Bretton Woods system going into effect, creating the International Monetary Fund, which – if anything – globalizes this system of invisible pools.



**Rob Kirby:** Yes, it globalizes the system of invisible pools, and it also ensconced the US dollar as the de facto world's reserve currency, which is very notable. Also worthy of pointing out is that I do believe most people believe that the Bretton Woods Conference occurred at the conclusion of World War II, but the reality is that the Bretton Woods Conference was held a year before World War II ended.

**C. Austin Fitts:** It was a year before the Germans surrendered, and even longer before the Japanese surrendered.

**Rob Kirby:** Exactly. One can only guess that there might have been ample representation at the Bretton Woods meeting tables with people who the allied world was actively engaged in war with.

**C. Austin Fitts:** One of the theories is that the Bilderbergers was starting to manage the sum of the seizures from the Nazis and the Nazi money in conjunction with the allies. It would make sense.

We know that the Exchange Stabilization Fund at the end of World War II, got a massive infusion because we know that some, if not all, of the seizures went into the Exchange Stabilization Fund. So it was money seized from the Nazis, possibly money seized from the Japanese, and there are all sorts of debates. Did they go into various trusts? Were those trusts owned by the ESF?

Needless to say, there is an enormous shot in the arm to what we call the 'hidden system of finance', which is really managed out of the ESF.



**Rob Kirby:** To add to that, I would suggest that the ESF essentially gathered all the war booty that the Vatican didn't have in their possession.

**C. Austin Fitts:** Right, and that didn't go to Antarctica.

**Rob Kirby:** There you go.

**C. Austin Fitts:** One of my favorite stories – and I put it in the commentary that we publish for The Solari Report – is the story of the Dulles brothers. There is the National Security Act of 1947. The 1949 act is the CIA Act, and that is the act that allows for appropriations of money going to the different government agencies – now 21 – that you can call some of it back invisibly for the black budget. Of course, the black budget money is a piece of one of these flows that is being levered with the Exchange Stabilization Fund.

So in 1949 the CIA gets created, and this is pre-CIA, and the Dulles brothers are sitting at Sullivan & Cromwell. If the ESF is the mother of all slush funds, Sullivan & Cromwell is the mother of all attorney-client privilege law firms managing the parallel civilization being financed out of the US government.

**Rob Kirby:** Maybe we should elaborate a little with the relationship of the Dulles brothers when you speak of them in regards to Sullivan & Cromwell.



Sullivan & Cromwell is, as you might have described to me, probably the most influential law firm in the United States of America.

**C. Austin Fitts:** In the world!

**Rob Kirby:** Yes, in the world. The Dulles brothers were principals at Sullivan & Cromwell?

**C. Austin Fitts:** Yes.

**Rob Kirby:** I think that is good that everybody realizes the direct connection there.

**C. Austin Fitts:** If you study history, you see Dulles at CIA and their relationship. Foster Dulles was Secretary of State, and Allen Dulles ran the CIA. The relationships between them and Sullivan & Cromwell continued through. Sullivan & Cromwell is very interesting. When I got to Goldman Sachs – a little unknown story – Sullivan & Cromwell was Goldman Sachs' outside counsel, but it was like they were one. That is the only way that I can describe it.

As you walked around the firm and talked to people, Sullivan & Cromwell people were all over the place; they were always there with a card in the building. It was very integrated. That's how you can tell when you observe, and if I'm not mistaken, Sullivan & Cromwell did much of the Chase business at one point.

Insiders will immediately ask you who your counsel is because those are the people who are carrying the secrets behind attorney-client privilege.



**Rob Kirby:** Yes, and it's interesting that you point out that Sullivan & Cromwell did work for Chase. Chase were de facto American bankers for the Vatican, as well. Chase is very well known to be on record, and there is lots of documentary evidence supporting this that Chase looked after the Vatican's gold accounts as well.

**C. Austin Fitts:** Right. We see the Dulles brothers at Sullivan & Cromwell using funds in the Exchange Stabilization Fund to rig the Italian elections and European elections at the request of the Vatican.

**Rob Kirby:** Yes. We are talking post-World War II here, and whether we are really talking about Operation Gladio, which may very well have been actually the manifestation of the efforts of the Exchange Stabilization Fund. I would hazard to guess that these are highly interconnected or linked or twin sisters.

**C. Austin Fitts:** It was very peculiar. After one spade of allegations of Russian interference in the 2016 Presidential election in the United States, somebody published a list of 81 foreign elections where it has been documented that the United States covertly interfered, and that doesn't account for overt interference with giving money. It is important to understand that there is as long history of the US covert side manipulating.

**Rob Kirby:** Or taking an active participation in foreign elections.

**C. Austin Fitts:** Foreign and domestic.

**Rob Kirby:** Yes.



**C. Austin Fitts:** There was a great presentation several years ago by Joseph Farrell at the 2014 Secret Space Program. One thing he pointed out was that the combination of the 1947 and the 1949 act and Eisenhower giving CIA authority for security for Area 51. This turned out to include financing, and what a combination of all these things did was put the intelligence agencies in a position to be the world's most powerful banker on a nontransparent basis.

**Rob Kirby:** Yes. If you're de facto controlling the Exchange Stabilization Fund, you are the world's most powerful banker – plain and simple.

**C. Austin Fitts:** Right. So you've created this financial powerhouse on a secret basis essentially outside the control of the civil service of the US government and outside of the supervision of the courts or Congress. It has wide authority, including the ability to kill with impunity, and it's off to the races.

**Rob Kirby:** Absolutely. That does, in actuality, bracket or highlight that the true prize in having the control position of the US government is not necessarily controlling the White House, but it is indeed controlling who gets appointed to run the Treasury.

**C. Austin Fitts:** Right.

**Rob Kirby:** It's not necessarily the light side of the Treasury, but it's the dark side of the US Treasury.



It's the Exchange Stabilization Fund that is the true plumb that everyone really seeks and quests, and is why nobody from officialdom likes to talk about the Exchange Stabilization Fund, and why it is such a dirty word.

**C. Austin Fitts:** Let's continue. After Eisenhower is complicit in creating this powerhouse, he realizes, "Uh-oh. Not good," and he gives us a warning. We hear the warning of the Military-Industrial Complex.

**Rob Kirby:** Absolutely.

**C. Austin Fitts:** It's interesting because he tried to brief and warn JFK. You had a great description of what happened in 1963 with the assassination of JFK by the CIA and Dulles. It's the same ESF group.

**Rob Kirby:** It's the people who had control of the Exchange Stabilization Fund.

**C. Austin Fitts:** Right, and I'll tell you a little-known factoid. I don't know if you've read *The Devil's Chessboard* by David Talbot, which is a magnificent book. It describes Dulles' history, and has a very detailed discussion about how he project-managed the assassination. One thing that was most interesting was his entire description of the Who's Who. The Rockefellers came in and Dillon was the Secretary of Treasury, and he's coordinating between and with Dulles and the Rockefellers.



John Foster Dulles had died at that point, and Dylan was much closer to John Foster and also was very close to the Rockefellers.

There was this coordination going on back and forth between Dulles and the Rockefellers, including through Dillon, but right around the assassination they homey it up at Williamsburg for the meeting of the Rockefeller Foundation.

One big question I have is: At that time, how did the governance of the ESF relate to the Rockefeller Foundation?

**Rob Kirby:** That is a difficult question to answer, but something that I would put out, or at least bring up here, is that you are speaking from the perspective of a veteran from the 1980's of an investment firm called Dillon Read.

**C. Austin Fitts:** Right.

**Rob Kirby:** Here you're talking about the 1960's timeframe of Dillon.

**C. Austin Fitts:** Right.

**Rob Kirby:** People should be aware that, while Goldman Sachs may not have been running the show or had a revolving door with Washington and with the financial elites in America in the 1960's and 1970's, or even necessarily the 1980's, there was an equivalent to Goldman Sachs during that time; it was Dillon Read.



**C. Austin Fitts:** I would say that it was ‘one of’; there were several firms that were very tied in. JP Morgan Chase, because of its responsibilities; the New York Fed is a depository for the US government and JP Morgan is the lead in implementing many of those depository and servicing functions. There was always a very close tie.

**Rob Kirby:** Understand that banking and investment banking were separate then. As we moved along the timeline, the distinction and the difference between these two functions were merged. That was with the elimination of Glass-Steagall in particular in the late 1990’s. You didn’t necessarily need to have two institutions to perform that function; you could rule the bulk or much of that.

**C. Austin Fitts:** So Dillon was definitely one of those firms. I think Lehman was one, particularly on the covert side – the old Lehman, not the Lehman we saw go down during the bailouts; it had changed.

But if you looked at Dillon, it wasn’t just Dillon Read, it was the Dillon Family Trust that owned Dillon.

**Rob Kirby:** Right.

**C. Austin Fitts:** If you combine – at that time – the Dillon Family Trust and Dillon Read, then I would say, “Yes.”

Remember that the Dillon wings got clipped a bit because it was our person who got assassinated as resigning from DOD.



**Rob Kirby:** We are talking in what year?

**C. Austin Fitts:** 1947.

**Rob Kirby:** In the 1947 timeframe? I'm getting schooled a little here myself.

**C. Austin Fitts:** We all are.

**Rob Kirby:** An important thing to point out is that people think of the West and think of America as being a representative democracy. The reality is that it's ruling families – much like the Bush's and the Clintons, and prior to them it was other families, whether it was the Dillons or the Rockefellers or another name that is extremely prominent.

**C. Austin Fitts:** Here is what is interesting: Forrestal, who had re-engineered and reorganized the United States Secretary of Defense, had been – before he became Secretary of Defense – killed in 1949.

**Rob Kirby:** Didn't he fall out of his hospital window?

**C. Austin Fitts:** He did not fall; he was pushed. I believe he was assassinated. There is a different debate about why.

He was the Secretary of the Navy, and his protégé, when he was Secretary of Navy, was John F. Kennedy. There is an amazing photograph of Kennedy going to visit his grave in April of 1963.



He was at the cemetery for another reason, and suddenly someone said, “I want to visit Forrestal’s grave,” and you could see that he was fighting with the Black Budget guys, and he was literally talking to Forrestal about, “What do I do?”

I’m sure that he knew what had happened to Forrestal.

**Rob Kirby:** That he fell?

**C. Austin Fitts:** No, that it was a hit, and he was trying to grapple with the Military-Industrial Complex and didn’t have the support and the power and the military alignment that Eisenhower did, so his problem was: What does he do?

We came into 1963, and Kennedy is killed. You have a beautiful description of what that meant. Could you tell us what it meant that they killed Kennedy?

**Rob Kirby:** It meant a whole lot of things. It was ‘the end of innocence’.

With regards to Kennedy’s execution, from that point onward we saw ‘petal to the metal’ money spending as an unbridled expansion in the Vietnamese conflict and the proliferation of drugs on American streets. So, it was the end of constraint, and it was a donnybrook after Kennedy was out of the way.



**C. Austin Fitts:** You not only saw the explosion of the narcotics, but also the explosion of mortgage fraud related to laundering and leveraging that money. That is when I saw my neighborhood destroyed by that whole process.

So we came into 1968, and the extraordinary monetary inflation from all this money printing and debt. Now what happens?

**Rob Kirby:** What happens? That was when the London gold pool encountered severe difficulty because people around the world were beginning to realize just how much money America was spending. It was the French under de Gaulle who feverishly was redeeming because France, due to their trade surplus with America, was building up enormous amounts of US dollars in their trade account. De Gaulle was instructing the French central bank and the French to redeem the dollars for gold. That led to Johnson saying that the dollar was as good as gold and de Gaulle very famously stating, “If the dollar is as good as gold, then give us gold.”

**C. Austin Fitts:** What we were watching the entire time was an explosion of narcotics trafficking globally.

**Rob Kirby:** Absolutely. That was occurring, and also this is when the London Gold Pool was starting to break down. This is when the US Treasury hemorrhaged gold to the tune from over 20,000 metric tons down to 8,000 metric tons, which ultimately led to President Nixon closing the gold window and taking away foreign countries’ ability to convert dollars into gold.



**C. Austin Fitts:** That was in 1971.

**Rob Kirby:** Right. That is in August of 1971. It puts into perspective just how much gold it hemorrhaged out of the US Treasury – from over 20,000 down to 8,000 metric tons. Nixon knew that if he had kept the gold window open, the 8,000 would have gone down further. The hemorrhaging of gold was accelerating, so it was closed in August of 1971.

**C. Austin Fitts:** It's interesting. Most people think of the New York Fed and the Fed as the manager of our gold reserves, but it may really be the ESF.

**Rob Kirby:** Oh, yes. It's the Treasury. The Treasury is supposed to be the holder and the owner of sovereign US gold. Whether that is indeed the fact, we don't know.

**C. Austin Fitts:** Ford helped change the law, and legalized gold ownership again.

It's interesting. If you consider the confiscation in the 1930's, the only people who had their gold confiscated were the people who held it in banks.

**Rob Kirby:** Yes.

**C. Austin Fitts:** At the time it was a very big percentage of private wealth, other than land and real estate.



**Rob Kirby:** That's right.

**C. Austin Fitts:** So people owned their liquid savings in gold, but if they held it in the bank it was gone. I know so many people who still have their family gold, and they didn't have it in the bank. They kept it, and they never went after the people who kept it.

**Rob Kirby:** That's right.

**C. Austin Fitts:** It's quite remarkable.

**Rob Kirby:** The peculiar thing is that people today speak in terms of if they hold gold, could it be confiscated again? Well, a very interesting side note is that if the United States government for any reason ever needs to confiscate a large amount of wealth from the citizenry, very, very little of the citizenry's wealth is now held in gold. Where the wealth is really held in today's world is in equities and in bonds.

If the US government ever had to do a major confiscation to raise major amounts of money, gold would probably be last on the list because there is little to steal.

**C. Austin Fitts:** The other thing is that the people who hold it are the nastiest, most difficult people.

**Rob Kirby:** And probably the most secretive.

**C. Austin Fitts:** And the most well armed.



Then we get into the 1980's, and in the 80's we see some very big shifts throughout the covert world. We have an explosion of financial fraud starting in 1981. I think it had much to do with what happened with the information that the intelligence community and the national security community got as a result of the Voyager passing Saturn, and I've talked about that.

A series of different things went on, one being Iran-Contra fraud, but the other is the effort to bring down the Soviet Union.

I wanted to mention one thing that I've written a lot about. It's in the Dillon Read online book that I've written. When that financial fraud accelerated, it was the CIA's Stanley Sporkin, or 'Stanley the Fixer' as General Counsel. He signed a memorandum of understanding, and that memorandum of understanding allowed non-case officers and employees of the CIA or contractors to not be under any legal obligation to report narcotics trafficking and legal violations to the Department of Justice, which was a 'get out of jail free card'.

At the same time Bush came in as Vice President and took over control of the intelligence enforcement and the National Security Council under that auspice. They created an executive order that would allow private corporations to serve as contractors on classified operations.

So we have a package. It's like a coin with two sides. One side says, "Okay, all these secret things can be done by private companies paid for or authorized by the government with secret, nontransparent money.



By the way, if they deal drugs or engage in money laundering or mortgage or other financial fraud, no one in the CIA has to tell the Department of Justice.”

**Rob Kirby:** Hear, hear. As that period of time relates, you mentioned Russia. I would like to have a brief discussion about what was going on in the world with regards to the Soviet Union and the Iron Curtain. This is before the Iron Curtain came down. In the early 1980's, Russia was a closed economy, and Russia could not feed itself. The reason Russia could not feed itself was because there were many disincentives in the communist system that led to firms being very unproductive because there was no incentive to produce more. The real incentives to produce were in the capitalist world.

Suffice to say, Russia could not feed itself, and Russia needed to have limited trade and had to trade with the West to get food. The only way that Russia could get funds – because there were only two things that the West would buy from Russia – in that timeframe - was gold and crude oil. Those were the only two things that the West would buy from Russia.

Owing from the great inflation of the late 1970's, which coincidentally came after Americans were allowed to buy gold again in 1977, we saw the dramatic price run-up. In parallel, we also saw a dramatic rise in the price of crude oil – up to \$20 or \$40 a barrel, which was high relative to where it had been.



This was bolstering Russian finances and allowed Russia to become quite adventurous because 1980 is when we had the Russian invasion of Afghanistan. That didn't sit well with the Western world and, if I recall correctly, it was the 1980 summer Olympics in Moscow where the West didn't participate and boycotted the Moscow Olympics.

The West had a real dilemma on its hands because of the high price of crude oil and gold – with gold reaching \$800 an ounce in that timeframe – which was effectively giving Russia the ability to finance its expansionism. So plans were hatched in that timeframe to dramatically bring down the price of gold and the price of crude oil. This was largely affected by dumping gold onto the market to knock its price down. That is where my country came in, and there is some good documentation if you want to research it, chronicling how Canada's gold hoard was used to help push the price of gold down in the international markets. Also agreements were made with Saudi Arabia, being the swing producer in OPEC, to flood the markets with oil to knock the price down from \$30 or \$40 a barrel to \$10 a barrel.

This had the effect of straining Russian or Soviet finances to make their expansionist program 'hurt them' financially. At the same time and concurrently, President Reagan had launched his SDI, Strategic Defense Initiative, which was dubbed as 'Star Wars'. This effectively pitted America against the Soviet Union in a military spending race.

**C. Austin Fitts:** Right.



**Rob Kirby:** This was all occurring under a backdrop of Russian ‘allowance’ being cut from gold at \$800 down to \$300 an ounce and crude oil being cut from \$30 or \$40 a barrel down to \$10 a barrel. It was this crimping of Soviet Finances that ultimately led to the wind-up of the Soviet Union.

**C. Austin Fitts:** Right. I would point out for subscribers that we did an excellent Solari Report with Jim Norman on his book *The Oil Card*, which is the best book on the engineering of the oil price to bust the Soviet Union. I would encourage you, if you don’t know that story, to go to the Solari archives and listen to the interview with Jim Norman it. If you’re interested, it’s a wonderful and very well written book.

One thing that happened that I wanted to bring up from that period was that the Asset Forfeiture Fund at the Department of Justice was created. It’s certainly not the mother of all slush funds, but it is a very powerful baby slush fund when you combine it with the creation at the Department of Justice of an endless series of laws allowing civil money and criminal money penalties. You have actually created a major Sheriff of Nottingham operation where the Department of Justice becomes a partner with the New York Fed member banks doing financial fraud, and this is how they get their commission.



It also gives them the ability to run around and seize many things before they prove a crime. It's precisely a Sheriff of Nottingham racketeering, and there is real evidence to indicate that they are running covert ops out of that fund and with the money from that fund.

What I've never been able to figure out is: What is the relationship between the Asset Forfeiture Fund and the ESF?

**Rob Kirby:** It may be part and parcel to the ESF. You and I were talking about this before we began the interview, and we were postulating whether it might have been a competing faction within the intelligence community that possibly was jealous that one faction of the intelligence community had at its disposal the riches of the ESF. Maybe they wanted to create their own competing fund or a fund unto themselves that would allow them to conduct operations of a different nature.

All I'm saying is that this sort-of highlights what we saw in this past Federal electoral cycle – that there were competing factions within the intelligence community. One faction of the intelligence community clearly was supporting Trump, and let's just say that there was another faction of the intelligence community, which would include, then-sitting CIA Director Brennan, who was obviously in the Clinton camp.



**C. Austin Fitts:** It's very interesting because when I dealt with an effort by the Department of Justice to frame me, I discovered I was dealing with not just the Department of Justice. It involved money at HUD, so HUD was involved. You had covert operations, so NSA was wire-tapping you. You had unquestionably what I believe were the CIA and their contractors doing all kinds of things, and you were up against a multi-jurisdictional sting.

I'll talk to people who are a target of these civil money penalty shakedowns or criminal money penalties, and they can't fathom that they're up against a multiple jurisdictional sting because they don't understand the history of the ESF.

You've been having these operations across the Treasury, intelligence agency, and contractor line going on for decades. These guys have been doing joint moneymaking efforts together for decades and decades and decades; this is their business. Yet Americans can't fathom it. They think of these as separate agencies. They can't fathom that there is a sting team all making money by racketeering against them.

**Rob Kirby:** Absolutely.

**C. Austin Fitts:** They have broad authority to intervene and make money shorting your stock.



**Rob Kirby:** Right. What this speaks to in a bigger sense, I believe, is something that was a concept or a term that I hadn't even thought of consciously, and it was that of control files and control. The way you articulated this concept of control files, I think it would be good if you would give us a few sentences on it. It meant a great deal to me when you explained the whole concept.

Just as a backdrop to this, when you see public figures or people who you expect to behave in a certain fashion or a predictable fashion and they behave the opposite or contrary to what you would expect from a certain person, the rationale is that generally there is a control file on that person which effectively – in real layman's terms – means that they are blackmailable, and people are exercising that kind of control on them.

A few words on that from you would be great.

**C. Austin Fitts:** Inherently, people do not rise beyond a certain point unless they have a control file and unless a variety of different players know that they can rely on them to do what they're told. You have a reality, and you have an 'official reality' which are separate and distinctly different. You need each person to obey the unofficial reality but look like they are obeying the official reality. Their chain of command is not the official reality; it's the unofficial reality.

The way that you can make sure that they will be obedient is with a variety of carrots and sticks. There are all sorts of benefits if you play ball, but then on the negative side you need a control file.



If they don't do what they're told, the dirt gets dished out on them.

You will see different leaks and different things happening in the political process, and those are warnings, saying, "We reserve the right to dump out your control file."

There is an enormous amount time and money spent in getting control files on people. It's interesting that if you look at what happened to me, part of the problem was that they had nothing that they could dump out. Anything that they could dump out would be worse for them than it was for me. So they had nothing they could dump out on me, and they kept trying to frame me.

What you will see is that people in similar situations to mine say, "Look, I don't have eleven years and \$6 million. I have kids. I have to do a deal because I can't spend eleven years proving that they have nothing."

So part of the control file is: Even when a person doesn't have a control file, they can't afford to spend \$6 million fighting what I call spectral evidence.

What is happening, which is so interesting with the whole fake news debate, is spectral evidence is not working the way that it used to. If somebody said, "Catherine Austin Fitts engaged in this financial fraud," it has a lot less chance of going now than it did in 1996 because, not only am I more of an understood quantity, but nobody believes them anymore.



**Rob Kirby:** Exactly.

**C. Austin Fitts:** So it's a different state of play. One of the other things that I wanted to discuss from the 1990's – and I'll touch on it – is PROMIS Software.

**Rob Kirby:** Before we go there, this whole aspect of the Asset Forfeiture Fund came on the heels of the S&L crisis, which is worthy of pointing out. This may have been the system's way of trying to recapture much of the monies that were looted and stolen by different players. This may have been instituted as a means to try – on the part of officialdom – to claw back some of that money.

**C. Austin Fitts:** I think what happened with Iran-Contra was that there was an effort to generate massive amounts of money for the black budget, and it was considered an emergency. It was as if, "Get as much as you can."

Some of these different structures were set up to deal with an economy where massive financial fraud is going on and you need the ability to manage the process on a crisis basis. What happened is you created \$500 billion - \$1 trillion of fraud, and then stuck the bill with the RTC in 1989 to the US government. That not only made money buying the assets back, but you finance the asset, sell it at the top of the market, it crashes, and buy it back. It's a pump and dump of the real estate market. It was very, very successful.



If you look at the fraud that happened in the 1990's, they took those models – same players and same models – and expanded it, this time adding the derivatives and stock market.

**Rob Kirby:** Yes, but even before that the abuses that were in the system that led to the S&L crisis in the 1980's also produced another unexpected or unintended consequence, which was the stock market debacle of October 1987. I would suggest that the stock market debacle of 1987 – and most people would not argue with this – led to the creation of a very special group called the President's Working Group on Financial Markets.

Some people know that as the 'plunge protection team'. This gave officialdom a new level of control over the financial edifice.

**C. Austin Fitts:** Right. What happened was the financial markets had grown to the point that the current ESF operation couldn't handle the management alone; you needed more coordination because it was exploding, and it was going to explode even more with globalization.

I think in 1987, with the controls they put in at that time, the advent and the integration of digital technology with trading operations occurred.

**Rob Kirby:** Absolutely.



**C. Austin Fitts:** Part of the 1987 issue was, “Okay, how are we going to manage program trading? How are we going to use program trading? How are we going to use artificial intelligence, both to improve our situation and not get surprised or tanked?”

**Rob Kirby:** This is when officialdom was learning. They were all on a learning curve about how it was coming – because derivatives then had to be incubated in the 1980’s, and through the mid 1980’s they were in adolescence. They could see where these things were headed, and they could see that ultimately derivatives trade was going to absolutely mushroom. They had to start to layer in control mechanisms, the first of which I would argue was the President’s Working Group on Financial Markets, and then we saw the advent of circuit breakers applying to different exchanges. Lo and behold, we then ended up with the election of Bill Clinton, which I think was a very monumental date in time.

**C. Austin Fitts:** It was very monumental, and I’ll tell you one thing before we start with the Clinton Administration. The Kennedy assassination and the extraordinary financial fraud in the 1980’s – those two things absolutely empowered the creation of a breakaway civilization. You have people who now believe they can get away with anything; they can do anything.

They can kill the President in plain sight, and no one will stop them. They can steal trillions of dollars in plain sight, and no one will stop them



So you now have a group of people who have stolen enough money fundamentally to finance an entirely separate civilization, and they feel the power of that. That's why going into the 1990's as globalization really kicked off, they felt absolutely no obligation. They are as aliens. They felt no obligation to the general society.

**Rob Kirby:** It was the early 1990's, and it also just happened to be 1992 when the United Nations adopted a program called Agenda 21, which was authored by Maurice Strong, and they adopted this wonderful plan at UN meetings in Rio de Janeiro in 1992. I know all too well – being a Canadian living in Ontario – about the work of Maurice Strong because he was the uncle of a Premier in Ontario named Bob Rae.

Being the author of Agenda 21, Premier Rae in Ontario saw fit to inject or appoint Maurice Strong as the chairman of Ontario Hydro, which is the provider of hydroelectricity in the province of Ontario. It was under Maurice Strong's tutelage that Ontario Hydro was vectored onto a path to get rid of its cheapest electricity generation, namely the coal fired power plants in Ontario, which made Ontario the lowest power-producing jurisdiction in North America.

**C. Austin Fitts:** The lowest cost?

**Rob Kirby:** Yes, we produced electricity cheaper than anyone. At that time, Ontario had a very, very high concentration of its economy involved in heavy industry – whether it was mining, or whether in Sudbury it was Stelco or Inco, or whether it was the auto industry, which is a very heavy energy user.



Let's just say that by the early 2000's and by 2002 the handiwork of Maurice Strong as the chairman of Ontario Hydro really began to show its teeth because the hydro plants were all decommissioned and deconstructed and taken offline. At the margin, Ontario's power was coming from windmill.

We went from at the margin, being able to produce a unit of electricity in Ontario for \$0.065 to a new marginal cost at \$0.70. So the cost of our power went up by a factor of ten. Lo and behold, look at what has happened. We've lost much of our heavy industry in Ontario. Our electricity prices have spiraled up. And isn't it amazing that people in Ontario wonder when the jobs are coming back? The jobs have disappeared, and the answer to when the jobs are coming back is, "Never," because our grid has been changed forever.

Let's just remember what the whole gist of Agenda 21 was. The real gist of Agenda 21 was to deindustrialize the West and move all of that industrial production to Asia. This has all been a cooked plan by the globalists for the interests of the globalists, and the globalists have largely front-run this whole operation by investing in China.

**C. Austin Fitts:** Right. So when I'm here, I have to deal with the unions. If I move everything to China, I own more of the equity and don't have to deal with the unions and the pollution can be there.

There is something else also, which is if I am now financing in two civilizations from one civilization's balance sheet and income statement, I don't want the general population in the first civilization to use up all the resources.



I want to use them in the breakaway civilization, and I don't want to have to compete on price.

So everything I can do to diminish demand over here helps me finance the second civilization.

**Rob Kirby:** Absolutely.

**C. Austin Fitts:** So climate change, Agenda 21 – I need an abundance of heartwarming excuses.

**Rob Kirby:** Of course. Let's understand that when you talk about the breakaway civilization, the real question in my mind is: Is the breakaway civilization off-world, is it on a different part of the planet, or is it possibly underground?

To a point it's immaterial whether we're talking off-world or whether we are talking the other side of the world or underground; we are talking about something that the power elites – or the globalists as I like to call them – have invested in. Of course, we were sold this whole concept of globalization and these international and multilateral trade agreements. They have been sold to us as improving the destiny of people who are very impoverished. I don't really view people in China who are working in factories with suicide nets around them as being empowered or their condition in life really being helped that much. It's a big labor arbitrage, and the net result of it has been that very few people have made very large windfall profits, and the power and wealth has been concentrated in fewer and fewer hands.



**C. Austin Fitts:** Right. So let's move onto the Clinton Administration. We saw Bob Rubin come into the Administration immediately in the national economic spot at the White House. He later went to Treasury, and brought in Larry Summers, whom we know primarily invented the gold suppression scheme as an academic.

**Rob Kirby:** Right. He did academic work at Harvard with a man named Robert Barsky. Their work centered on an economic concept referred to as Gibson's Paradox. Gibson's Paradox explained the interrelationship of gold prices and interest rates and argued in economic terms that the interest rates could be held very low regardless of how much money was being spent by government if the price of gold were suppressed.

**C. Austin Fitts:** Right. It's remarkable because when I kept trying to warn people about what was happening, they would say, "It can't be because the gold price is low."

**Rob Kirby:** Right.

**C. Austin Fitts:** It was amazing. All over the world – in Europe and Asia and everywhere – they would say, "It can't be true because the gold price is low."

Then Rubin goes over to Treasury. For almost 30 years Rubin was at Goldman Sachs, including becoming the co-chairman of Goldman Sachs. He left behind in the fixed income division, Lloyd Blankfein and Gary Cohn and Bob Mnuchin's son, Steve Mnuchin working for Blankfein and Cohn.



They're running the fixed income division, which are government bonds and mortgage securities and the precious metals.

The commodities group, Blankfein and Cohn, came out of gold and silver trading at J Aron, which was then purchased by Goldman Sachs. So basically you have two gold and silver traders with Mnuchin's son, Steve, engineering with Rubin at Treasury the strong dollar policy, and it had four legs. One is the gold suppression that we just talked about, the bubbling of the mortgage market with massive amounts of fraud, and I also believe the same happened in the government securities massive government fraud. Then we have to talk about the WTO because the strong dollar policy is the wave that really makes globalization happen.

We have the derivatives and the interest rate swaps, which is your particular area. If you were a chef, I would say that it is your specialty.

**Rob Kirby:** Interest rate swaps – I would point out – at that particular time, much of the OTC interest rate derivatives edifice was incubated here in Toronto, even the US dollar interest rate derivatives and OTC derivatives. They were incubated in Toronto, and some of the biggest books in the world were actually housed in American banking institutions in Toronto.



Interestingly, it was in the early 1990's and in the 1992-1993 timeframe that these books were repatriated back to New York because the big thinkers in New York were becoming aware that these instruments could be used in a fashion where captive banks could be made to give regulators control of the whole interest rate curve if these things were deployed in an appropriate manner. In such a way that would be very capable or very much fitting with what the Exchange Stabilization Fund with enormous resources might be able to bring to bear on the market.

**C. Austin Fitts:** There is no doubt that what we've watched since that time is an explosion of derivatives – two-thirds or more of which are interest rate swaps – and interest rates falling, falling, falling. So it is clear that the engineering of the interest rate swaps have a great deal to do with bringing the interest rates down to a naturally low point.

**Rob Kirby:** Yes, and when we look at the growth in aggregate notionals and derivatives, we will note that the curve in the growth of aggregates starts to go from a very, very shallow slope to a steeper slope right at the time when the United States takes their seats on the Board of Directors of the Bank for International Settlements. This is the central bank of central banks, which is also quite coincident with the timing of Clinton coming to power and Rubin and Summers going to Treasury. Very shortly thereafter, in the 1998 timeframe, we saw the repeal of the Glass-Steagall Act, which really took the bridle off.

**C. Austin Fitts:** It was very large.



**Rob Kirby:** The growth and derivatives went quite parabolic after the elimination of Glass-Steagall, which basically allowed the investment banks to go hog wild in the derivatives trade.

**C. Austin Fitts:** Right.

**Rob Kirby:** I would argue that it affectively gave the Exchange Stabilization Fund more counterparties to conduct this trade through.

**C. Austin Fitts:** And that is why this is important: We are looking at a process where, with a variety of these mechanisms, we dramatically create the financial capacity to do a global strong dollar policy. With the Uruguay Round of GATT and the creation of the WTO in 1995, we created the legal basis in the trade agreements and NAFTA to push out globally. Then there is a third tier, which is disaster capitalism.

The strong dollar policy, by moving the dollar up and pushing the stock market up, results in having higher PE's and very valuable currency with which to buy, and the covert operations brought the prices down.

**Rob Kirby:** I am going to put it in a different way. I think I'm saying the same thing, but with a slightly different tone of language.

The strong dollar policy makes foreign assets cheap.



**C. Austin Fitts:** Right, but here is what is unbelievable: The strong dollar policy made foreign assets cheap, but that wasn't good enough for them; they wanted to smash down. The covert operations went in and destroyed the Soviet Union and made them much cheaper.

In other words, \$0.10 on the dollar wasn't good enough; they wanted \$0.01 on the dollar.

If you see what we did in East Asia in pulling credit from East Asia and smashing everything down, part of it wasn't just lowering the price; there were countries where foreign investors weren't allowed to buy. When we finished ruining it, they changed the laws.

**Rob Kirby:** Yes, and then the pieces are bought for pennies on the dollar. We saw the same operation occur in the aftermath of the breakup of the former Soviet Union where oligarchs effectively bought the pieces from the rubble of the former Soviet Union for pennies on the dollar. This is something that I would hazard to guess enraged Putin. Maybe this was something that put Putin on a course to not be too friendly with globalism.

**C. Austin Fitts:** We have a great series of interviews with Anne Williamson who was a *Wall Street Journal* reporter who documented *The Rape of Russia*. You know Steve Pieczenik takes credit in his interviews for helping to design and implement that.

**Rob Kirby:** Yes, that is one of his babies.



**C. Austin Fitts:** One of the most important dates in the history of the Exchange Stabilization Fund is 1995 because on the Mexican bailouts Rubin took money out of the ESF for those bailouts. As a result I think that set off loud alarm bells because the rule was that you couldn't dip into the covert money for the overt. It was a failure of what they considered to be their internal financial controls, and I think it scared them to death. That is when I had the President of CalPERS – the largest pension fund in the country – say to me, “They've given up on the country. They're moving all the money out in the fall.”

He attributed that to the failure of the budget deal in 1995, but I don't think it was the failure of the budget deal; I think it was the fact that they dipped into the ESF. That's when they said, “We can't trust the system to protect that line, and we need to start doing something.

**Rob Kirby:** 1998 was absolutely a time when accounting tricks – and that was an accounting trick on the part of Rubin – accessed funds that had previously never been touched.

**C. Austin Fitts:** That was 1995 when he touched it.

**Rob Kirby:** Yes, but this is what led to the laws or the theory of unintended consequences. So what happened shortly in the aftermath of this breach? We see derivatives continue to vector up again. Shortly thereafter we saw the repeal of Glass-Steagall, and shortly after that we had the Mexican crisis, but then we saw the debacle with Long-Term Capital Management.



**C. Austin Fitts:** Right.

**Rob Kirby:** Long-term capital management was another very, very significant point in time – and it has been inaccurately stated by many market observers and market participants – because what really occurred in the long-term capital issue was Long-Term Capital Management legal counsel was a fellow by the name of James Rickards.

Long-term capital had many clients, but one client in particular was the Bank of Italy. The Bank of Italy was having trouble qualifying with their sovereign finances for inclusion in the Euro under Maastricht Treaty guidelines. Maastricht Treaty guidelines said that the sovereign finances had to be in terms of debt to GDP and had to be in a very, very tight band.

Italy was close to qualifying, but didn't quite qualify. One thing that was causing Italy a great deal of difficulty at the time was they had a very significant sovereign gold reserve. Unlike America, who held on the gold on their books at a very, very low price, the gold on the books of the Bank of Italy and for the Italian government as a national resource, was marked 'market'.

With the price of gold fluctuating and actually being under attack in the late 1990's timeframe under this gold suppression scheme, it was causing Italy big problems. Instead of having their financial condition solidified, this gold component was causing them problems.



Their finance minister was a chap by the name of Mario Draghi. Mr. Draghi was not pleased with the way the gold was performing on their national balance sheet. Of course, they had financial advisors who, at the time, were at Goldman Sachs – one of their chief financial advisors.

It was under advisement of Goldman Sachs that Mr. Draghi was convinced that if he were to lease some sovereign Italian gold and invest the proceeds with a company called Long Term Capital, he could reasonably expect to make superior returns. With these superior returns it would help Italy over the hump to have them qualify legitimately for inclusion in the euro.

Well, what indeed happened was Italy did lease gold. When they lease gold, it leaves the vault. It's sold into the market, and the proceeds were used to make the investment. The investment was made in long-term capital and then long-term capital blew up.

Had there been a public workout of Long-Term Capital Management, it would have become very evident that Italy had leased the gold, and then the gold was gone, and they had taken the proceeds and invested it with Long-Term Capital.

Now, the money was gone, and had that been allowed to become public knowledge, Italy would have been disqualified in financial terms for inclusion in the euro.

**C. Austin Fitts:** And they would be much better off today.



**Rob Kirby:** I would argue that the euro under such a situation would have been stillborn; it wouldn't have happened. You see, that was diametrically opposed to the globalist agenda because the creation of the euro zone is largely viewed by the globalists as a stepping stone to one world government – which is their ultimate goal – and you couldn't have the euro fail.

That is why this all had to be hushed up. That is why, back in the timeframe when the folks at GATA started speaking about the possibility, it wasn't just the folks at GATA. The people who actually first mentioned this – and it was incorrectly characterized – were John Embry and Andrew Hepburn in a treatise that they created, which was a brilliant piece of research where they talked about the long-term capital debacle. They said that there might have been involved a gold short.

This was talk in the gold bug community that there was a big gold short involved in the long-term capital blowout. Well, the reality was that there was never a gold short.

**C. Austin Fitts:** Who released the gold?

**Rob Kirby:** The Bank of Italy.

**C. Austin Fitts:** But who was on the other side of it? Who was legally responsible to return it on lease?



**Rob Kirby:** We don't really know, but the people at Goldman Sachs certainly know because they were the bullion bank that arranged the lease.

**C. Austin Fitts:** If you read the books on the work out of Long-Term Capital Management, the implication is that Goldman skimmed them.

**Rob Kirby:** I don't think it's necessarily a question. We don't know who bought the gold or who the recipient was.

**C. Austin Fitts:** I don't mean that they skimmed the gold; they skimmed the workout. So Goldman had control of the portfolio and sweetened their balance sheet with the execution.

**Rob Kirby:** They made enormous fees for creating this sort of arrangement, but the interesting thing was that when the lease was done, the gold left the Italian vault. Some very interesting things happened in the aftermath of this.

Italy became a signatory to the Washington agreements on gold, which was basically a scheduled dis-hoarding of gold by different players in Europe. Under the Washington Agreement 1 and 2, Italy was a signatory both times, but Italy never gave one ounce of gold or sold one ounce of gold under this agreement because they had already given their 400 metric tons that they lost in this, and it was none other than James Rickards who was accusing GATA of falsely making claims that Long-Term Capital was involved in a shorting of gold.



He produced an affidavit saying that Long-Term Capital has never traded in gold, has no position in gold, and he was demanding retractions from GATA because GATA had never accused anyone of anything; they were just reporting what people were talking about.

The reality is that James Rickards absolutely knew that he was correct in saying that Long-Term Capital had nothing to do with gold, but he would have been completely aware as he proclaimed that he was the point man for the workload of Long-Term Capital.

The reason he had to be the point man for the workload of Long-Term Capital is because he was aware of the intimate details that Italy leased gold.

**C. Austin Fitts:** I'm going to rein you back and take us to the ESF.

The other thing that we saw happening in 1998 was that the money started to disappear from the US government for fiscal 1998. We're talking about what we can count as \$11 trillion.

**Rob Kirby:** Is it only \$11 trillion?

**C. Austin Fitts:** We don't know. I'm talking about what we know in terms of official government documents. We've never had a successful audit of the US government. I think one reason is obviously DOD, but another reason is the ESF.



I don't think that the US government and the Treasury could pass an audit. We were talking earlier about Paul O'Neil's abrupt resignation. I think part of it related to the fact that he was trying to bring transparency. If you try to bring transparency around the debt, then you end up with the ESF and they can't tolerate it. It was more ESF protection.

So we're off and running in the 1990's with this explosion of financial fraud with the strong dollar policy and the bring-down of Glass-Steagall.

Then it's added to the stock market with the internet stock bubble and there is huge fraud in the equities market. It was pump and dump of the equity market, and then we have the popping of the internet bubble.

Suddenly Silicon Valley is bringing all sorts of transparency to everything, and then they get pumped and dumped and they all turn out to be controlled by defense contractors. It was a very interesting flip.

So we get into 2001 and I'm part of a group of people who are bringing a considerable amount of transparency to the missing money. On September 10<sup>th</sup> Rumsfeld stood up and admitted that, yes, there is \$2.3 trillion missing from the Federal government. I made the mistake of saying to the lead reporter, "They will never stop the story now," and then – of course – the next day is 9/11.

At this point I'm saying, "There's been a financial coup d'état."



Because, whether it's financial fraud or whether it's the missing money from government, I was trying to warn people that there is a massive financial fraud. Then 9/11 happens.

On one hand 9/11 is primarily a knowledge management event.

**Rob Kirby:** Absolutely.

**C. Austin Fitts:** So tell us about 9/11 as knowledge management – the world's biggest deletion of financial fraud.

**Rob Kirby:** What has 9/11 brought to the table? From 9/11 we have been delivered a new Bogeyman. The new bogeyman is men who wear white sheets. It is a fear of an Islamic bogeyman. 9/11 brought us the destruction of evidence of everything, from malfeasance concerning Enron to every other SEC investigation that was ongoing at the time. There were an abundance of investigations in the early 2000's and the late 1990's.

All of this evidence was housed in building #7 which collapsed at freefall speed as well, which was never hit by planes. 9/11 brought the destruction of Cantor Fitzgerald, the world's largest broker of US government securities, which occupied the top five floors of one of the World Trade towers and the records of trading of US government securities, which numbered in amounts of trillions upon trillions.

It brought us insurance fraud because the World Trade Center buildings were insured for very, very large sums of money.



**C. Austin Fitts:** Can I bring up one thing?

**Rob Kirby:** Yes.

**C. Austin Fitts:** It also brought down the Salomon Brothers trading floor, which was Warren Buffet's mortgage securities operation.

**Rob Kirby:** Right. Wrap that all into the insurance fraud. What it also did is dispelled the notion, because people at that time were expecting a peace dividend from the wrap-up of the cold war, and the peace dividend never got delivered. When you get a new bogeyman, nobody wants the peace dividend anymore.

**C. Austin Fitts:** You can go to war.

**Rob Kirby:** It's the perpetuation of this war model, which you've spoken so frequently about, Catherine. What it allows is for more and more wealth to be concentrated, and for more and more wealth to be accruing to this dark hole we refer to as the Exchange Stabilization Fund.

**C. Austin Fitts:** Right.

**Rob Kirby:** So I would say that all these factors were wrapped up, and there is also the aspect of: Were entities associated with the Exchange Stabilization Fund front-running and actually trading on prior knowledge of the coming event?



**C. Austin Fitts:** I believe so.

**Rob Kirby:** We know that there were unusual trading in airline stocks of the airlines that were involved and the specific planes that crashed into the World Trade Center. We know that there were suspicious trading in some of the insurance companies and the options and the futures of some of these equities that were involved firsthand.

What we had is a complete and utter steaming mess. Then, of course, there were also widespread reports of vast sums of physical gold bullion that were stored in the bowels of the World Trade Center which were missing when they finally got through clearing the debris.

**C. Austin Fitts:** Right.

**Rob Kirby:** So that's quite a pizza menu; you can pick your pieces. What did that all lead to? That all led to the rationale for further injections of cash or quantitative easing or keeping interest rates low for longer which then perpetuated yet another bubble, which was the mortgage bubble.

**C. Austin Fitts:** The mortgage bubble was started in 1994. They started engineering in 1994, and it was happening all throughout the 1990's, but then it exploded.

**Rob Kirby:** It was goosed and put into hyper drive because what we really saw in the aftermath of 9/11 was the widespread advent of subprime mortgages.



**C. Austin Fitts:** Right, and predatory lending in subprime mortgages was a serious problem in 1998 and 1999, but only in the poor neighborhoods. Then it exploded everywhere.

**Rob Kirby:** But subprime mortgages have another facet to them, which was the fraudulent representation of taking a large number of mortgages of ‘delinquent payers’ and bundling them together to create a supposedly and –credit rating agencies were happy to hang the moniker on it – suddenly becoming ‘AAA’ credit. This whole notion of pooling bad credit and creating AAA credit out of a quantity of bad credits is what subprime mortgage paper was rated.

As history now tells us, Bear Stearns was the first major financial institution to have fallout in the subprime crisis. Or, the subprime crisis was really precipitated from a failure at Bear Stearns where they had three hedge funds that were loaded to the gills with subprime mortgage-backed securities, which were rated AAA and which failed.

The failure of AAA rated paper was the first time in recorded financial history that AAA had failed. Once AAA failed, we had a freeze in the credit markets; the bill market froze; the interbank lending market froze; asset-backed commercial paper froze. These all froze because people no longer understood what AAA credit meant.

Up until that point, AAA credit had never failed.

**C. Austin Fitts:** Right.



**Rob Kirby:** The only explanation for this kind of a build and a disappearance on their book, which is all recorded for posterity's sake in the quarterly derivative reports that are lodged at the Office of the Controller of the Currency – and you can review this – is that Morgan Stanley was recapitalized via stealth via the Exchange Stabilization Fund in these trades.

**C. Austin Fitts:** Right. It was so interesting because I was on LeMetropole Café and I used to get into all these arguments because everyone would say, “The banks are going down.”

I would say, “No they're not; those positions are not the banks' balance sheets. They are US government positions, and the full faith and credit of the United States government stands behind those positions. They are backed by nuclear arsenals, so the banks are not going down.”

It was a constant war. It was you that finally said, “Yes, those are ESF positions.”

**Rob Kirby:** When I saw these atrocious numbers build up in the OTC swap segment of these institutions' books, the fact that \$8 trillion could go on in three months and then fall off in the next quarter identifies the instruments that were put on as FRA's. Those were categorically and definitively FRA's.

I worked on an FRA trading desk. I worked on an interest rate swap-trading desk. I used to trade as a broker, and I did both instruments.



I knew that when we had a credit freeze in the banking industry in 1990 we sat around for a period of weeks, if not months, twiddling our thumbs because banks wouldn't consummate trades with each other. This credit freeze was much deeper and much more extreme than even the one in the 1990's.

**C. Austin Fitts:** This all got affirmed when the head of JP Morgan's capital markets said, "We have no unhedged positions."

Of course everybody said, "Well how could that be?"

I said, "Because it's not their position; it's the US government's position."

**Rob Kirby:** That was when JP Morgan was being accused of trading for their own account to influence the market, and JP Morgan said, "We don't have any positions that aren't ours. Our positions are all client positions."

**C. Austin Fitts:** Right.

**Rob Kirby:** Well who has an \$8 trillion position?

**C. Austin Fitts:** Right. There you go. It must be the Russians.

**Rob Kirby:** Vladimir Putin – possibly.

So what did this all lead to? The miraculous bailout produced a Nobel Peace Prize for the incumbent.



**C. Austin Fitts:** My theory on how Obama got the Nobel Peace Prize was because we had sold all the European institutions this crappy paper. So when they realized that it was worthless, he agreed to take them all out of it. In exchange they gave him the Nobel Peace Prize because otherwise they would have had to attack the United States.

**Rob Kirby:** I would say that is hitting the nail right on the head – right on the globalist head.

**C. Austin Fitts:** I believe that the bailouts were going to be an opportunity because it was clear that they had – depending on how you count the number – whether it was \$12 trillion or \$27 trillion at a time when \$8 trillion would have paid off all the residential single-family mortgages in the United States. They bailed out more than 100% of the residential mortgages by a large amount.

It was a chance to clean up all the fraudulent mortgage papers. I thought, “Okay, we’re going to consolidate the financial coup, and that will clean up the mess.”

The reality check is: No. The fraud kept going on, and we continue to see money missing from the Federal government.

In 2015 there was \$6.5 trillion of undocumented adjustments at DOD – the highest number in one year. Subsequent to that, Lockheed Martin spun off their IT government contracting division.



If you're Lockheed Martin, remember that they are by more than 50%, the number one contractor in the Federal government. They run the information payment systems for many, many agencies. Controlling the payment systems and the IT systems at DOD is a huge power point position. You don't give that position up easily, but if that's what it takes to get the liabilities off your books.

We now have \$11 trillion missing from the Federal government and more missing through the pump and dump of the stock market. Large amounts of money are disappearing through the bailouts, and more money with the quantitative easing and Feds buying things and games occurring in the Fed balance sheet.

If you see how much the financial coup has totaled, it is a tremendous amount of money.

**Rob Kirby:** Catherine, you're talking about alarming numbers of trillions of dollars of missing money. I truly believe that the powers that be are now trying to capitalize on the rising resentment as people become aware that they've been huckstered and their resources have been stolen from under their noses.

In trying to capitalize on this rising wave of resentment we have seen the seemingly 'powers that be' now pushing for – and pitching it as a 'remedy' to this injustice – the notion that we need a Constitutional Convention in your country to conceivably rewrite the Constitution to remedy this situation and to bring the wrongdoers to justice.



**C. Austin Fitts:** So while they are doing that, Trump wins the election. I said that there were two factions: One who wanted to sacrifice the US to create the global empire, and one that wanted to preserve North America, and to hell with the empire. Trump was the second, so the Trump faction won.

Hold that thought. Now we see entering Treasury and controlling the ESF, a member of Skull and Bones, Steve Mnuchin, who was part of the original team at Goldman Sachs who pulled off the strong dollar policy working for Gary Cohn and Lloyd Blankfein. We have Gary Cohn, who is now number two, the President of Goldman Sachs, going into the White House.

So the very team that started this with the strong dollar policy financing the financial coup is now going back in – presumably to reverse engineer the process.

**Rob Kirby:** Exactly, Catherine. It has a nasty odor of ‘rinse and repeat’ to it.

**C. Austin Fitts:** Yes it does. The people who sent the money out would know where it is, and Goldman was – in my opinion – instrumental in laundering the money back from Russia. So there definitely is a Russian question here one way or the other.

You’re talking about that very team coming in and controlling the ESF.



**Rob Kirby:** Yes. Let's just say that the worst possible thing that could come of all of this, and I think we share the view, is if we are taken down the road where it's pitched to us or pitched to humanity that the best possible outcome and getting to the bottom of all of this missing money is a Constitutional Convention. If so, I think humanity is a very, very grave loser. It's only the current Constitution and the current rule of law that is going to enable the wrongdoers to be brought to justice and to have the wealth that they've confiscated returned to the American people.

**C. Austin Fitts:** Right. So the money that went out through the ESF, if we enforce the current Constitution, then that money and wherever it went belongs to us.

**Rob Kirby:** Right, and we can force them to return it.

**C. Austin Fitts:** Or we can own the assets. We can have an ownership interest.

**Rob Kirby:** That's right.

**C. Austin Fitts:** We may end up owning Mars or the moon or whatever.

**Rob Kirby:** But if they give us a new Constitutional Convention and we get a new Constitution, it effectively completes the laundering process where the people who absconded with the funds and with the assets will then own them in perpetuity.



**C. Austin Fitts:** We had a wonderful lunch yesterday, thanks to you, with a delightful group of people – the Solari subscribers and some superb, great precious metals experts. We talked about two things. One was: If Trump can't get a consensus in Congress to support him in re-engineering the economy, he is going to be forced into privatization. So if Obama stripped the Federal credit from the Federal balance sheet and turned it over to the banks, the danger is that this team strips all the assets and privatizes them at \$0.10 on the dollar.

**Rob Kirby:** That is one big risk.

**C. Austin Fitts:** The other thing that we talked about is: How do we stop it? One thing that you said which I thought was very astute and which I agree with completely, is that we need to encourage a particular kind of scandal.

**Rob Kirby:** Let's cut right to the chase. We need people to speak up and talk about this pedophilia scandal. This is the linchpin that could bring the whole control system that we alluded to earlier, down. It makes everyone come clean. If everyone comes clean, the façade of there being any sort of justice in the current regime disappears overnight. Then people start dealing with hard realities and hard facts, and the people who have committed the atrocities are brought into the open.

**C. Austin Fitts:** I quickly want to cover three things: Instead of 'Let's Go to the Movies' this week, we used the briefing that you recommend from Eric deCarbonnel about the Exchange Stabilization Fund.



**Rob Kirby:** Absolutely. Eric deCarbonnel manages a website called [www.MarketSkeptics.com](http://www.MarketSkeptics.com). If you go to [www.MarketSkeptics.com](http://www.MarketSkeptics.com) and go to the right-hand margin, you will see a headline that says, “What I have been afraid to blog about: The ESF and its History,” and if you click on it, it’s a five-part YouTube series that is separated into five segments.

**C. Austin Fitts:** They are also linked on Solari.

**Rob Kirby:** I would suggest that you watch it and rewatch it. It’s very informative and very educational.

**C. Austin Fitts:** It is more to help you understand the ESF and “The Unanswered Questions of ESF”. If the genie came out of the bottle and said, “Rob, I will answer any three questions you have on the ESF,” what would your three questions be?

**Rob Kirby:** Who exactly controls it? How much net worth does the ESF have? I could summarize it to those two questions.

**C. Austin Fitts:** Let me ask you a question. Of all the money that has been moved out of the Federal government from communities with government operations like the narcotics trafficking, how much of that do you think is still owned by the ESF, and how much do you think has just been privatized?



**Rob Kirby:** My guesstimate is that the ESF could possess, in dark money, tens of trillions of dollars. That's my guess. It's an alarming number, but I think they could easily possess more money than the publicly published debt of the US government.

**C. Austin Fitts:** Right. So if we officially owe \$20 trillion, it could be more than \$20 trillion.

**Rob Kirby:** I believe it could be, yes.

**C. Austin Fitts:** I agree. The second thing is: What can we do?

We are sitting here saying, "Look, it's time. We're reaching a crossroads. We either shift this thing to something positive, or it could go to a dark place."

Things are coming to a head. What can each one of us do? What are the things that we can do?

**Rob Kirby:** I think we can force a couple of narratives into the mainstream, namely violating children is not okay. The other thing that I think that we can do is talk about the ESF because the people who manage it cringe every time they hear the name 'ESF' in the mainstream.

**C. Austin Fitts:** Right.



**Rob Kirby:** Most mainstream economists and people in the financial world either don't know that it exists, or they are afraid to mention its name, knowing that it could be a career-threat or a career-ender.

**C. Austin Fitts:** Right, or a life-ender.

**Rob Kirby:** Sure.

**C. Austin Fitts:** We could also work to stop a Constitutional Convention, and that is in your state legislature.

**Rob Kirby:** Above all, yes.

**C. Austin Fitts:** If your state legislator has not approved a Constitutional Convention, make sure they stop it. Colorado and Utah just stopped it. We have a great interview with Edwin Vieira that we recently did to help you do that. He's a great Constitutional attorney and scholar.

Enforce the Constitution. I've been working with a group of people to come up with a list of all the different things that we can do to enforce the Constitution.

**Rob Kirby:** Remember, America, you don't need a new Constitution.

**C. Austin Fitts:** We need to enforce the one we have.



**Rob Kirby:** It works very well when it's adhered to.

**C. Austin Fitts:** Here is the other thing: If we're not going to enforce the Constitution, then why change it?

**Rob Kirby:** If you're not going to use it, maybe you people could lend it to us. We could use it here in Canada.

**C. Austin Fitts:** One thing I would say is that much of the drain of the money starts one county at a time. Beginning to learn about place-based economics and your place-based finances is a start. I wrote an open letter to my congresswoman, which is on The Solari Report. Anybody can get it and read it. You can send it to your congressperson. It talks about all the things that can be done to start to learn about how the money works.

All the fraud is one county at a time, so you can stop it locally.

**Rob Kirby:** And when you lose it one county at a time, the best way to get it back is one county at a time, which means that people get active in local politics.

**C. Austin Fitts:** Right. On Solari next week, is the Precious Metals Market Report. The week after that, we're doing a live webinar to help people start to learn how to find all the data and start to map out the financial ecosystem in their county area.



This has been terrific. I think you've put the ESF on the map for The Solari Report subscribers. Before we close, are there any other thoughts you want to share?

**Rob Kirby:** May the force be with you. And remember, if you're handling something hot, have a tray.

**C. Austin Fitts:** Rob Kirby, thank you so much. Thank you for a wonderful time in Toronto.

**Rob Kirby:** My pleasure.

## MODIFICATION

Transcripts are not always verbatim. Modifications are sometimes made to improve clarity, usefulness and readability, while staying true to the original intent.

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