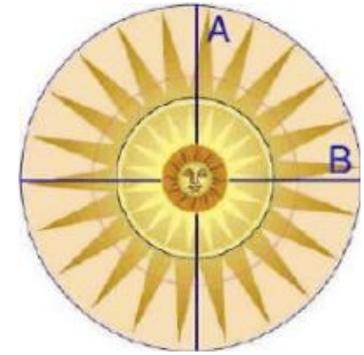


Mapping The Real Deal: Solari

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Article: Catherine Austin Fitts



A solari is an investment databank and investment advisor for a neighborhood – typically an area of 10,000 people. It is an organizational building block designed to:

- bring transparency to government and civic resources by place
- issue community currency, and
- finance small business, real estate and municipal privatization with equity funds designed to provide a sound investment for local and global investors.

The ownership of a solari and the equity funds that it raises and manages are expressed with **two classes of shares**:

Solari A shares which are locally owned voting shares and have a nominal value, and

Solari B shares, which are non-voting shares and have essentially all the economic value and are not restricted to local ownership.

The solari model is intended to provide the financial transaction mechanisms that will support local living economies becoming a successful investment worldwide – so that local and global investors can generate capital gains from healing the environment, improving education and transforming globally to a peaceful and sustainable economy.

The following presentation is a “back casting.”[*] It is a fictionalized story set in the future that envisions the success of one of the first solaris – Fillmore Solari in San Francisco, California in the United States.

Report to the Fillmore Solari Shareholders

Fillmore Solari A and B Shareholders
Fillmore Solari Venture Fund B Shareholders

By

John Maeck
Chairman Emeritus

On the Occasion of His Retirement
January 1, 2022

As a young boy, I remember handing out fliers in the neighborhood for my Mom, which had as their title, “Alarm, Alarm, Alarm.” It was a flier that was to be the genesis of our

local residents associations and decades of ensuing work to try to prevent developers, City Hall and outsiders who wished to profit from putting up high-rises in place of beautiful homes and parks. I remember realizing that the world I had grown up in --- one of trust, honesty and commitments to making the world a better place – was not the one that I was growing into. I began to wonder how we might restore the birds to the trees, the love to our relationships and the power back to those people committed to leaving a better world to our children and grandchildren.

Sometimes, I think back to the old days at the turn of the century. Around the year 2000, we were in a fight for our lives, the neighborhoods were under attack and life seemed hopeless and full of darkness. And yet, it was under these conditions that the seeds of transformation were born. We gather today to celebrate this transformation and a world so full of hope and light.

As I look around the room I see so many familiar faces. Marc Tognotti and I were together when we incubated Fillmore Solari in 2003 in the original 3220 Sacramento Street space. Court Skinner was part of the original Palo Alto group in the South Bay Solaris, and Christina Englebart was an ally from the Sebastopol Solari. A few others come from that original core on the Solari Action Network. In fact we, together with Jason Eaton who founded Middlebury Solari in Vermont, were the very first.

As we sat in the 3220 incubation offices long ago, we doubted that we could build a successful databank and investment advisor for the Fillmore. We feared we would be shut down and our lives and reputations ruined if we tried to bring sunshine to how all the government resources in our place worked – let alone ensure that these resources were used lawfully. How lucky we were to have a whole series of chance relations and gifts come our way, allowing us to grow together into a cohesive force of professional, talented men and women drawn together by our love for our place and a powerful faith that a sustainable and peaceful economy was possible.

One of the reasons for our initial success was that we raised our first round of capital with a community offering in the neighborhood. A fair amount of the retired residents were still looking for a way to move their investments out of corporate stocks --- the stock market fraud at the turn of the century was significant and created a hunger among investors to invest close to home with the people whom they knew and trusted. Several provided seed capital and advice, paving the way for the broad acceptance of our first stock sale of the Fillmore Solari B shares and the Fillmore Solari Venture Fund B shares in the community. The year was 2004.

In later rounds, we brought in the state and local pension funds. Then, as we instituted alternative energy, we attracted significant rounds of socially responsible investment capital. As we built a liquid market for our stock and numerous mutual funds formed that specialized in secondary markets for Solari B shares, and before 2010 significant global capital started flowing into our equity pools.

The Fillmore Solari Venture Fund was an immediate success. First, it enabled over 100 businesses that sold a portion of their equity to the Fund to pay off all their existing debt. This strengthened their ability to weather the economic recession at that time. In addition, given the broad marketing of the shares in the community, a significant number of local retail customers were now shareholders. The affinity between customer and local business grew – encouraged by our efforts at common branding and marketing of the local businesses participating in the Fillmore Solari Venture Fund. Within several years time, the Venture Fund businesses were able to significantly shift local retail market share back to the local stores. It was a winning formula – debt down, profits up. The result was a nice increase in stock values for the early investors. And steadily we expanded the initial and later funds to finance most of the small businesses in the area and to incubate many new ones.

With the community offering under our belts, we had a significant number of authorized and unissued non-voting shares. That led to our second significant early success.

One of the contenders for the Democratic presidential nomination at the time was a Congressman who was the ranking minority member on the House government reform committee. Although the younger folks in the room tonight know him as a two-term President, those of us who were there at the beginning remember a time when serious people considered it inconceivable that he had a chance to win the Democratic nomination, let alone the White House.

It was back in 2003 that the Solari Action Network brought the missing money issue to the fore. The federal government had for many years consistently refused to produce audited financial statements and reliable financial systems as required by law. Significant monies were reported missing at two agencies – the Department of Defense and the Department of Housing and Urban Development.

Thanks to some serious politicking by the young Congressional staff and their very brave Congressman, the federal agencies --- working through the interagency federal credit task force and the interagency webmaster task force --- were required to post all the digital data about federal credit programs, including defaulted debt and foreclosed or forfeited properties and assets. These databases included addresses and zip codes. In addition, the agencies were required to post their government contracting budgets. For the first time, the country could see the names of the private corporations and banks that really controlled and operated many of our government's financial and accounting programs, including those, which were missing so much money.

At the same time, the open source software community based in San Francisco was able to pull together a network of leaders from the global open source software community. As the federal agencies began to disgorge the data, the open source community provided online tools that allowed communities to quickly find, download and aggregate data about much of the defaulted mortgage, small business and consumer debt in our communities.

We were later to refer to this Internet explosion of debt data as the “in the twinkling of an eye” strategy --- because it was able to shift so much political and economic power overnight before the established powers realized what was happening. Very few people understood the potential of this type of sunshine to reverse the growing centralization of financial capital and control.

The illumination of the extraordinary corruption and waste that had developed was a bit disturbing, to say the least. More shocking was the extent to which large corporations and banks were being paid to service local debt and government monies at rates well above what local businesses and workers were willing to and able to provide. But this was soon overshadowed by the new opportunity. Neighborhood after neighborhood was able to demonstrate that these resources had not been lawfully or prudently managed. Looking to head off a tax revolt of citizens asserting legitimate common law rights of offset, Congress passed authorization for the federal agencies to accept non-voting Solari B shares in exchange for these assets.

As Fillmore Solari was up and running, we were able to swap stock to assume ownership of all federal defaulted debt and properties in the Fillmore Solari area. The successful workout and management of these troubled assets by local businesses was a significant source of new employment and profits for the businesses in the Fillmore Solari Venture Fund. The debt in our community went down even more, while our profits and equity went up again. Later transactions followed as we swapped non-voting equity for consumer and other small business debt controlled by private banks and financial institutions. We also swapped equity for discounted municipal debt that supported a number of privatizations and reengineerings that we accomplished with a consortium of solaris here in San Francisco and in the South Bay.

The high speed creation of jobs and profits among networks of honest small businesses awoke America and many global networks to the power of bringing transparency to government resources by place. Most people in America did not understand at that time the extent to which large corporations and banks were subsidized by government contracts, subsidies and regulation, and that locally controlled solari databanks could illuminate that subsidy in remarkably powerful ways – ways that could result in grassroots assertion of the rule of law. Second, the realization that we were all being drained by a negative return on government investment that could be quickly reengineered to provide a positive return gave hope to many. Things were not hopeless – there was hidden wealth that could be unleashed.

This new economic vision transformed the political landscape. Suddenly, the honest citizens and businesses discovered that they could make money shifting jobs and contracts out of over-subsidized or corrupt situations and into the hands of those who would manage them well. Unimaginable political alliances were formed. Suddenly activists known for their opposition to war, to the war on drugs, to prison privatization and

to globalization were teaming up in neighborhoods to help their local Chamber of Commerce and Farm Bureau assert local economic control.

The socially responsible investment community and independent media found themselves on common ground with the Kiwanis and Rotary Clubs in the heartland of America. The traditional gold and silver investment community found itself teaming up with the community currency leaders in the sustainable development networks; together they created new very powerful forms of community currencies that could be smoothly traded between communities globally. And the churches and the spiritual organizations wove through all of it like a thread. Solari tithing practices helped to establish standards for circulating a portion of profits back into the spiritual and civic lifeblood of communities.

With these alignments in a place, came business and consumer aggregation. This occurred in many areas. The example I remember best was in health care, when Fillmore Solari teamed up with the local health care practitioners and local insurance companies to address the urgent need for a health care safety net.

Consumer aggregation gave local consumers the ability to make trade offs. With four major hospitals here in the Fillmore area, we watched the sometimes-painful process as more and more resources switched to alternative healing and non-western medicine. We also saw an integration of economics between how our food was grown and processed, the stress in our daily lives, and the cost of our health care. As a result, the average travel distance of the food we eat dropped from an average of 1,500 miles to less than 200 miles over the last two decades. Today a lot of the food we eat is grown at home here in the city. Back then, virtually none of it was homegrown. We have watched much more flexible work hours develop as the average commute time has dropped to something much more in keeping with a village economy. We have also seen overall community health improve as more and more citizens switch to bicycles or walking. Part time jobs were created for the old and the young in helping assist the aging population.

Why did the powers that be not stop what was happening? Well, now, there was the power of the Solari model. As things turned out, given the speed at which transparency was occurring on an out-of-control basis, the powers that be could make more money on financing communities using the solari model. Indeed, the capital gains generated over the last two decades as a result of the integration of new technology into places, the explosion of education and learning by the citizenry, and the healing of the environment have far surpassed what was imagined possible when we began so many years ago.

Many of the greatest fortunes at the turn of the century have increased by many multiples today. In the end, most organized crime money changed its ways because it was attractive to do so. This is not to gloss over the fact that not all of these networks made the switch. Some stuck to their old ways and did a lot of damage before they were shut out or died off. The war economy and its covert operations did not go quietly. Yet, as the

equity economy grew and the old central-banking, debt-based economy died, the war economy slowly was isolated and shrunk.

Although I feel blessed by our prosperity, the financial gains were not the important part for me and the other core members of the Fillmore team. I remember back to a time when I believed that the earth was not just dying – it was being killed by the human race. How do I describe the pain of feeling that we were destroying our planet and the chance for generations yet unborn? We were estranged from God and from nature. Men and women were estranged from each other, as were the different generations. What a lonely feeling it was.

And then things began to move into alignment. It started with the divine. We began to look at the notion of God as a personal and intimate relationship. The notion of using our time and our attention and our money as “votes” that expressed our spiritual values lead slowly to a reintegration of our world. It inspired what the Dali Lama at the time called “a revolution of responsibility taking.” It also brought the magic back into our world as we built alignment between our spiritual and our financial lives, unleashing a new and transforming energy. This is what happened when the greatest prayer warriors on the planet decide to make it their business to understand money and to return it to its place as a useful tool to serve a divine purpose.

As I walk through the Fillmore today, I see a world so different than when we started. The streets are bustling with my family and neighbors, with animals, flowers and plants. There is music, there are bocce tournaments, and there is hopscotch. There are far more bicycles than electric cars. Although we are in a large city, it is astonishing how much food we grow locally in our gardens and on our rooftops. Children walk the streets of our city safely at any time of day or evening. The beauty of our place is matched by the richness of our relationships. Once upon a time, the creation of Fillmore Solari helped remind us that my neighbors blessing blesses me and vice versa. When my neighbor’s business improved, my stock went up. So did his. When my landscaping improved, my stock went up. So did my neighbor’s. And so we were slowly transformed to a new yet ancient culture – “do unto others as you-e would have done unto you.”

But Fillmore Solari is a young person’s game. What energy it takes! We have had quite a to-do this year over the poaching of our best teachers by the surrounding neighborhoods who used stock options in their equity pools to tempt our teaching teams away from us. This has driven teacher salaries up even higher – and resulted in significant complaints from shareholders regarding the effect that losing our top teachers has had on our stock prices.

The ongoing debate against corporate TV continues. There are still a few who love to watch corporate TV, although most media consumers in our area switched to local community cable programming. The Bay area community cable networks blossomed after the state and local pension funds funded the third round of the Venture Fund and

our Fillmore station seeded Fiske Smith's programming development of the "Real Deal" storytelling and music making series that brought connectivity to so much local content creation by the artists, poets, writers and young people. It takes a young person to sort out all the investment opportunities that have been generated by this explosion of video and audio content both here and by our Bay area solari joint venture partners.

As the years have passed, I have moved from founder to management and board member, and board member to Chairman, and from Chairman to Chairman Emeritus. Now I believe the time has come for me finally to step down and become a simple shareholder. Thanks to the creation of a liquid market for my stock, I can continue to exchange the fruits of my labor for some ready cash to support my Bocce habit and to grow old comfortably in my childhood home.

I want to thank you all for coming this evening and for your many years of support and service to this place that we call home. I recall a story once told in the writings of Carl Jung about a patient who came to see him. She had married a wealthy man and then taken a young lover. She reconciled her desire to be rich with her desire for her lover by killing her husband. Apparently, she got away with the murder. And then she went mad. She told Jung that from the time she murdered her husband, wherever she was, the birds would stop singing. It seems the birds knew.

Most of all I want to thank you for being a part of this adventure for these twenty years. Thank you for creating a place and a time where the birds are plentiful and their songs fill our souls with praise and thanksgiving.

Goodnight and God Bless.

AUTHOR NOTE: Catherine Austin Fitts is the President of Solari, Inc. She is a former managing director and member of the board of Dillon Read & Co. Inc and a former Assistant Secretary of Housing in the first Bush Administration. Ms. Fitts publishes with and is a member of the Advisory Board of Sanders Research Associates in London and [publishes a column \(CLICK TO SUBSCRIBE\)](#), [Mapping the Real Deal \(ARCHIVES\)](#), in Scoop Media in New Zealand.

For more information on the solari model, see <http://www.solari.com>.