

Solari DVD of Sebastapol February 2003

I. Introduction

- "Everything you need is here, it can be done, it's simply a matter of faith and understanding how you use each other's time well."
- "SOLARI" means to reduce anxiety through illumination
- Outline
 1. Pop and Pop game
 2. The Financial Drains
 3. The Financial Spirals
 4. How? - the next 24 hours to 30 days

II. Pop and Pop Game

- Two types of people: 1) those that make a place wonderful, they build up people, they love plants, they love to raise children, THEY BUILD UP EQUITY. 2) The people who trade - we think of them as evil, they're just looking at screens and playing a game. They think it's not real.
- "POP" = buy for 10 in New York and sell for 20 in London
- "There's \$100M in small business income in Sebastapol. It's totally unprotected, and it's worth 1x earnings. Walmart can go in and take then whole market for 100M. Stock goes up a billion. That's 900M profit."
- Mergers and acquisitions of 1980's: Alpha is trading at 30x earnings, Beta is trading at 20x earnings. Alpha takes over and now Beta's net income is worth more. Pop!
- It's not about making real things for real people. It's about optimizing financial capital. It makes retirement savings safe. But how do we get the Dow Jones index and the Popsicle index to go up together?
- How do you get the Grow Life people together with the transaction people?

A. Value, Profit and Equity

"If Apple is trading at 20, what multiple would you require of a local small business to put your equity in that local business?"

1. Multiple - relationship between earnings (profit) and the total value of the company (financial equity)
2. Ex. \$1,000 net income and \$30,000 total stock market value is expressed "Apple is trading at 30 times earning"
3. A Fred's Small Business might have a ratio of 1 to 5

B. Why do you put retirement savings in Apple?

1. perceived as having a sustainable infrastructure of management and leadership (an accident won't put them under)
 2. you can invest in equity in a way that is liquid (ie. Has a price)
 3. A lot of people believe that the large corporation can go to the White House and rig the game.
 4. Therefore, from the individual investor's point of view, it is much less risky to invest in a large corporation
- With the right technology, you can make a lot more money on the local business than you can on Enron.
 - Mutual fund for the neighborhood - there are a thousand ways to do it wrong and three ways to do it right.

III. Economic Warfare

- A. Mayor has big fat budget and hands out contracts. There's a 1M gov't contract which will create 100K profit. If Apple gets it, their stock will go up 3M!

| Big companies | Local businesses |
|---|---|
| Trade at 30x earnings | Trade at 1-5x earnings |
| Access to 1% loans | Borrow at 12% |
| Smart about how \$ works and how to make the Dow Jones index rise | No map to show how \$ works and to make sure popsicle index goes up |

- Private citizens don't get an annual financial report of all the sources and uses of all the federal, state and local government in their community.
- B. Popsicle Index - the % of people in a place who believe a child can leave their home, go to the nearest place to get a popsicle and come home alone safely. Can be 100% in poor neighborhoods
 1. We're not organized to make our Pop go up or to make sure that the gov't contract going out will increase the popsicle index.
 2. Who pays the money in that gov't budget? We do! If that million dollar contract goes to Apple, does that equity stay in the local community? NO!
 3. Shopping at Walmart - shifting local equity into channels where we get none of the equity
 4. If popsicle index goes up, our Pop goes up. It's complicated and we need financial wizards but it's possible
 - C. POP Opportunity
 1. Imagine transparency about how money works in your community.

2. If you're trading at 1-5x and you're not organized and transparent, you're losing a profit opportunity. A large corporation will come in and pull the equity out
- D. Privatization - taking gov't resources and paying 10 cents on the dollar to move them over and play the Pop game
1. Take the water, the prison - get them trading at 30x earnings, get a quick Pop and exit
 2. One year after prison was privatized, the head of Republican party who engineered the deal, sold his prison stock for 17M. All that equity could have been put up as an endowment for local schools.
 3. There's a huge amount of equity that's not expressed as financial capital like the environment, like gov't resources.

IV. Money Incentives

- Poor neighborhood - small business owners and people who live there want it to stay terrible because they don't want to be gentrified out. They rent their homes and business space. They try to talk it down.
- Before you bring values up (real estate, stock), engineer it so that it's wonderful for the people who live here now.
- The key to having the value go up is
 1. Everyone wants it to
 2. It stays wonderful for you
 3. Incentive - if everyone can be more financially and physically secure as things get better, then there's a better chance of collective action to make it better

V. Pop Underworld

A. Overt and Covert game

1. SandersResearch.com - best news source for "Real Deal". Mr. Global. "Solari and the Rise of the Rule of Law"
2. Catherine's "The Myth of the Rule of Law" - the relationship between covert cash flow and overt capital markets. How players move covert cash flow through financial statements - with the Pop, money laundering can be very profitable
3. Our economy is like Disney World - the above ground economy, then the Sopranos rigging things below ground. The biggest power point is the guy who brings \$ from below to above. Insider trader where you don't pay taxes is more profitable than making BLT's

B. How does it work in my neighborhood?

1. Book "Black Money" by Michael Thomas. Out of print but available used section on Amazon or library. Goes through S&L scam laundering through pizza company.

2. Two drug dealers on the corner. Dept of Justice cuts a deal with these kids, "I'll supply them, till I spin 'em through my prison company. They'll sell \$300 /day. I'll take 50% and run it through the fast food, publicly traded company on the corner." That generates about 100K per year in a stock trading at 30 - or a Pop of 3 million!
3. Read Catherine's article "Narco Dollars for Dummies"
4. The small business makes \$1k of income and someone makes a big pop if they take it over into a publicly traded company. The business costs \$1k but what if they could get it for free? Or make a profit getting it? If they bring drugs in, they make a bunch of profit in a way that lowers the cost of that business. They can do a leveraged buy-out, buy a place with their own money. People in the community are too busy trying to get their kids out of prison.

VI. Financial Spirals

A. Vote with our

1. Prayer, time and attention
2. Savings - We can direct over time, where our retirement \$ goes. The difficulty is that it's our retirement \$ that finances other people coming into town and taking our businesses away from us. We're facilitating it by moving our purchases over to the large corporations.
3. Purchases - If we reverse the game, that "pop" can belong to us because we live here and we direct our purchases.

B. Transparency

C. Solari

1. Datebook

D. Three major ways to put "new milk in the milk bucket"

1. New tools - digital technology
2. Healing the environment - harvest from agriculture
3. ???