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The Solari Report

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**Special Solari Report:
A Sovereign State Bank and Bullion
Depository for Tennessee
with
Senator Frank Niceley**



Catherine Austin Fitts: Ladies and gentlemen, welcome to *The Solari Report*. We have an open public report today, and it's a great pleasure to welcome a man who needs no introduction to the *Solari* office, Senator Frank Niceley, Senator from Tennessee. He is a great hero, both in the food networks and the financial networks, here at *Solari*.

He joins us from Nashville, Tennessee. Let me tell you a few things about him: He grew up in Knox County near Knoxville, Tennessee. He represents Jefferson County. He moved from Knox County to Jefferson County, so he represents the eastern part of the state.

He is a farmer, and has family members who are farmers. He is raising a couple of farmers.

He represented Tennessee in the Tennessee House from 1988 to 1992, and then again from 2004 to 2012. Then he switched to the Senate. For those of us who live in Tennessee and appreciate what Senator Niceley has done, in the last couple of years, he and his colleagues have done an extraordinary amount to make Tennessee one of the most attractive places to move to right now.

I think I told you when I saw you in Knoxville, Senator, that Nashville in 2020 was the number one location for U-Haul one-way drop-offs. I like to credit you and your colleagues for some of that.

We will be talking today about the opportunities and challenges for the State of Tennessee, and, of course, that has implications for other states as well. Before I describe our outline, Senator, I want to welcome and thank you for joining us today.

Senator Frank Niceley: Thank you for having me, Catherine. We're getting off to a good start here. We can educate some of our colleagues as to why we need this bank depository and precious metals. You know so much about it, and you influence so many people. You're turning Democrats back to Republicans. My oldest daughter thinks you are the hero of the world. So, it's a pleasure to be here.

Fitts: I appreciate it. Your daughter is not only a farmer, but a very talented

musician. I've been listening to her music.

Let me describe our outline today: I want to talk a little about the opportunities and challenges that the state faces, and then go into three areas that we will cover: A sovereign state bank – why it's so important and what it could do for Tennessee. I also want to talk about gold investment purchases and the benefits for a sovereign government like the state of Tennessee to make purchases of precious metals. Third, I want to talk about having your own depository for either precious metals or other items and why that is such a value to the state and citizens of the state.

Then I want to close with a little more on some of the immediate risk issues we face and the next steps. It's important, before we finish, that the citizens know what they can do to support your efforts.

With that, do you have any comments on the outline? Are you ready to dive in?

Niceley: I'm ready to go.

Fitts: I told you that Dr. Mark Skidmore, a great colleague and friend of mine who has done a lot looking at the corruption in the Federal finances, sent me an analysis showing that next year approximately half of the government revenues, in the best case, will be needed to pay interest on the debt. What that means is we will be in a position of borrowing money to pay the interest on the debt and the must-do entitlements that the government is obligated to make.

Some people call it a debt spiral where you have more debt than you can handle, and you must keep borrowing to keep your debt floating. It's a bad place to be, and it's part of the reason we are all feeling the 'pinch' of higher prices and inflation.

Speak to us a bit about the challenges that you see Tennessee facing.

Niceley: Tennessee is in great shape financially. Over the last ten years, we've abolished the inherited tax, the gift tax, and all the income tax and the professional tax. With all the ceased taxes, we wound up with more money. Our retirement fund is fully funded; we are one of only one or two states that has it

fully funded.

Sooner or later, states like California and New Jersey are going to try to figure out ways to steal our purchasing power. Inflation is the way they do that. The Federal government sends money to California, and they steal our purchasing power. So, the goal of Tennessee is to preserve what we have. How do we preserve the quality of living that we have here and our good financial position?

I think one way we do that is with state buying, like North Dakota. North Dakota has been a state bank since 1919 and it weathered the Great Depression; it weathered the great inflation, and it's still doing great. It puts money back into the general fund.

One thing in other states, when they try to pass a state bank, the banks usually fight them. But we've educated some banks here. The state bank is the savior for some of these small banks. If we want to keep our small community banks going, we need a state bank; it won't compete with them; it will support them.

In getting the votes to pass this, we want to educate our banks and say, "We're not your enemy; we are actually your friend." Maybe you can comment on that.

Fitts: That is absolutely true. I believe one of the reasons you see local economies that are so healthy in Tennessee is that you still have preserved a tremendous number of local and community banks. That is exceptionally healthy for the local economy – both because you have money circulating locally and because you have an infrastructure of people who are very literate and helpful in terms of making small business go and small farming go.

Niceley: When it helps the banks, it helps the credit unions. North Dakota has more small banks than any other state. That is because they are supported by the state bank, not the Federal Reserve in Washington and the New York banks.

Fitts: I agree with you. I think it is exceptionally important to win the support of the financial institutions in the state, particularly the ones that support small businesses and small farms. I also think it's important to have a bank that handles the state business loyal to the state.

I was talking to one person about this who is outside the state. They said, “Oh, you ought to call it the ‘Volunteer Sovereign State Bank’. He was very impressed by the Tennessee victory over Alabama when he was there.

Having a state depository that can handle the state’s business, but do it in a way that is good and supportive of the local banks, it helps protect the local banks and financial institutions from different actions by the central bank.

If you look at things the central bank does during periods like the financial crisis that caused tremendous dislocation for the local institutions, having a good well-run state bank can protect them from the Fed cycles, and it’s not surprising that North Dakota has the most institutions as a result of having that kind of protection.

I would point out that at the Bank of North Dakota, the citizens can deposit at the bank of North Dakota, but if you look at the services it offers, it doesn’t compete with the local banks.

Niceley: It’s only one physical location, so it doesn’t compete with the local banks. That is a common misconception that many banks have. They say, “We don’t want a lot of competition”; they’re not getting competition; they are getting support.

Fitts: I’m with you on that. I think if you look at where the Federal government is going, it is essential for Tennessee to have a state sovereign bank.

Niceley: The world financial system is in turmoil that very few people understand right now. They don’t understand how bad it really is. When it takes 50% to pay your interest on your loans, the Feds are in trouble. The Federal Reserve is out of ‘tricks’; they are at the ‘end of their rope’. They’ve the longest-running fiat money in the world. Since 1971, they’ve had fiat money.

Genghis Khan could only make it go seven years, but they’ve made it go for 50 years. That’s about as long as it can go. We must get something to protect Tennessee. My job is to worry about Tennessee; I’m a Tennessean first, and I’m an American second.

Fitts: I thought you were the Mayor of Appalachia first.

Niceley: Well, I am the Mayor of Greater Appalachia.

Fitts: Let's move to gold investment. Gold investment is another thing the state can do to provide financial resilience. Tell us what you've proposed in terms of gold investment for the state.

Niceley: With how our bank will be different from the North Dakota bank, we will be a bank and depository where locals could deposit their gold and their silver.

The central banks around the world are buying gold. They're pressed to buy bitcoin, but they are buying gold and silver and precious metals.

Our bank would need to be a depository as well. If people from Europe want to come here and bring their wealth and put it in the gold bank in Tennessee, Tennessee has a 'hot' brand right now. Everybody loves Tennessee, and for good reason, but our bank would be a bank and a depository.

Fitts: I want to point out that I was looking at the Texas depository. The one state in the country that has created a depository is Texas. They have the Texas Bullion Depository, and I was studying it. They were promoting themselves that you could invest in gold and silver in Texas, have it delivered to the depository, and you didn't have to pay sales tax because there was no sales tax on precious metals in Texas. I thought, "Senator Niceley is going to be pleased because the Tennessee depository – when it comes into being – will compete successfully because they have the sales tax pulled off of precious metals." Isn't that correct?

Niceley: We finally did this year, but worked on it for several years. We have such a surplus right now that we can do some things. That is another tax that we have abolished here in Tennessee; the tax on gold and silver and precious metals.

Fitts: A state depository gives you an organization governed and controlled by the state. In Texas, it's an agency of the state, but it gives you a physical location where both the state, and if the state pension fund was going to invest, it could

deposit there, and the citizens, as well as other investors from outside the state could deposit gold and silver. What I will tell you as somebody who worked for many years as an investment advisor, a state-governed depository in a well-managed state such as Tennessee is amazingly attractive to investors. They would far prefer a sovereign state depository than a private depository for obvious reasons.

If this is associated with a bank, you have both functions and services for the state and citizens, creating far more conditions of financial stability within the state.

Niceley: That's true. Nobody wants to think about the United States breaking up, and we all hope and pray that it never does. But the Soviet Union broke up, and there is no guarantee that we don't break up into two or three countries. But if we do, if it breaks up overnight, Tennessee becomes a nation. We need a bank and we need a gold reserve and we need protection in the form of a militia or something. We hope that doesn't happen, but just like in farming, you hope for the best, but you plan for the worst; you take what comes.

At this point, anything can happen, and there is no downside to having a gold reserve. Gold and silver have never been worth zero. I've bought stocks that eventually went to zero. Gold and silver have never been worth zero in the history of the world.

Fitts: Here is what is interesting: If it turns out in the worst case that you need it, they are there. If it turns out that you don't need it, you are still tremendously advantaged, as has been proven by both the state of North Dakota and Texas.

These things are of a tremendous advantage either way it goes.

Niceley: In other states like Nevada, Utah, Wyoming, and New Hampshire, they are issuing Goldbacks, which actually have physical gold in them. It's the size of a dollar bill, but it has gold. So, we are not the only one thinking about trying to get ahead of this problem.

Fitts: What about the Tennessee rainy day fund? You've been able to set aside money in a reserve fund. What about purchases of gold and silver in the reserve

funds, particularly if you get a depository?

Niceley: That is what our Treasurer, David Lillard, would rather see in the rainy-day fund than in the pension fund.

In the pension fund, he needs to make a certain percent to maintain the thing, and he's free to do that. So, he would rather put the gold and silver in the rainy-day fund, and we have a healthy rainy-day fund. I think we're over a billion in the rainy-day fund.

Fitts: I'm a believer that it's prudent for the State of Tennessee to put a portion of the rainy-day fund or some of its reserves in precious metals. I call it a 'core position', so it's there for the worst case.

Niceley: Texas bought \$1 billion worth of gold for their teachers' fund several years ago – maybe ten years ago. They stored it in New York for a while, and decided they didn't want Texas gold in New York; they wanted Texas gold in Texas. That's when they started and built their depository.

Fitts: Let's look at who in the state you would like to learn more about this and take a role in helping to figure out how to make it happen. We talked about the bankers – the small banks and the credit unions and other small financial institutions in the state. Who else should care about this? What about the Tennessee media? Should they care?

Niceley: They probably would, but there is someone against everything. I tell people that if I had a cure for cancer on a bill, there would be someone on a committee who would be against it; there is always somebody who is against everything. But if we could get the bankers on our side and make them realize that this is to help and not to hurt, I hope that maybe the Governor, the Speaker of the House, or the Speaker of the Senate would watch this video or read this and learn a bit more about it. I'd like to get their curiosity up to where they can do their own research and learn more.

It's a good question. Who would be against it other than the bankers?

Fitts: I have to tell you that I think the small investors and the small

businesspeople and some of the small farmers have a vested interest in this happening. Anybody who has a family enterprise of any kind, it is so much to their benefit to have financial stability at a sovereign state level. Whichever way the Federal government goes, they need more stability and more resilience in the financial system.

If you look at the BRIC nations complaining about using the dollar for trade, the small businesspeople in Tennessee – of which I’m one of them – have the same problem. You have a group of people-the central bankers-who are using the dollar as a weapon of war. In the meantime, you are trying to use it to do your business, and it’s not working because it’s not clear whether it’s a currency or a weapon of war.

Niceley: Back to who would fight us, when North Dakota started their state bank in 1919, the Federal Reserve was five or six years old. They didn’t have time to fight something in South Dakota.

I think today, they would fight it. I think the Feds, in their devious way of laundering pressure and support and lobbying money around, would come in. They wouldn’t say they were the Federal Reserve, but they would send people in and fight us. I don’t think they would want us to do this, and that’s another good reason to do it.

Fitts: The more they fight it, the more you know you need it and you have to have it. I couldn’t agree more.

Let’s talk about some of the risks on the horizon: One of the risks I have been very vocal about is central bank digital currencies – what some people call CBDCs. I think CBDCs pose a tremendous danger to the State of Tennessee, and all citizens anywhere, but certainly throughout America.

Before we dive into CBDCs, I would like to show a video that is the number one top video that I’ve shown in the last two years. It’s 56 seconds long, and it’s Agustín Carstens, the general manager of the Bank for International Settlements in Switzerland, which is the central bank of central banks for the big central banks around the world.

He was giving a talk at an IMF payment conference and was asked about CBDCs. He explained three things: First of all, the central bank digital currency (a cryptocurrency from the central banks) is not your money. He called it an expression of central bank liability. In other words, it's theirs, not yours.

Point number two is they can set the rules of how you can use it. So, if you are in Knoxville and want to drive to Nashville, and they decide that you shouldn't be able to drive to Nashville, you can't buy gas outside of the area that they want you to buy gas. Or if you want to buy chocolate and they decide that chocolate is not good for you, you can't buy chocolate with your central bank digital currency. He then explained that they can set the rules of how you can use their money.

The third thing he said is that they have the digital tools to enforce the rules. So that means that if they want to raise taxes and take it out of your account, they can and will:

Our analysis of CBDC, in particular for general use, is we intend to establish the equivalence with cash, and there is a huge difference there. For example, in cash, we don't know who is using a \$100 bill today. We don't know who is using a 1,000-peso bill today. A key difference with the CBDC is that the central bank will have absolute control on the rules and regulations that will determine the use of that expression of central bank liability. Also, we will have the technology to enforce that. Those two issues are extremely important, which makes a huge difference regarding what cash is.

Niceley: What effect will the central bank digital currency have on our traditional banks?

Fitts: It will wipe them out.

There are many ways of rolling out central bank digital currencies. There are ways it can be rolled out that involve the banks, and use the banks for tech support and run the system cooperatively so that dollars and Federal Reserve notes are still outstanding while CBDCs are coming in. They can use that to lull the banks into believing that they still have a market and a business in a roll, but

it is a fait accompli at the end of the day that will be wiped out.

In other words, you will wipe out all local community banks, all credit unions, and all small institutions within some period of time. It will take you a while to wipe them out, but if you look at what it will do to their fundamental economics, you are going to put them in a position where they have to work for you; they can't represent their customer.

Niceley: Wasn't Dodd-Frank hard on all these little banks?

Fitts: Yes. We've gone through what I call the 'Financial Coup'. We have had a coup d'état through the financial system where the central banks and the large banks have asserted more and more control and dramatically reduced the number of small banks. It's one of the reasons that our economy is nowhere near as wealthy as it could be.

The more you decentralize in ways that are healthy for the economy, the wealthier the economy is going to be. So, this has been devastating to family and community wealth, and it has made life extremely difficult for the local and state governments to stay fiscally sound. One of the miracles of Tennessee is if you look at how prudently the pension fund has been managed and how prudently the state budget has been managed, it is astonishing given the 'headwinds' created financially by the centralization promoted by the central banks and now the Treasury.

This has been a terrible 'headwind' on our economy.

Niceley: So, you are saying that if we did have a state bank and depository, it would help the small banks push back against, not only Dodd-Frank, but against the central bank digital currency?

Fitts: Absolutely.

Niceley: That statement might be the most important thing in this report. If we don't have a state bank that can help small banks or small credit unions, the central bank digital currencies could eventually wipe them out.

Fitts: I agree with you that this is the most important point. Unless we have a sovereign state government protecting sovereign individuals who are free to transact, including transact privately without invasive technology, we will have no sovereignty, and then you are talking about 100% central control by the bankers.

The expression that I use – which I think is very accurate – is we are talking about a technology that, combined with other systems, can turn your home, your car, and your community into a digital concentration camp. We are talking about the end of human freedom centrally controlled through the financial system.

We must have states and citizens and with them, community banks and other financial institutions that can protect free transactions.

Niceley: And that would create the largest black market that ever was. Americans would have a black market that you would not believe. As far as I know, a black market is a free market.

Fitts: The really good news in all of this is if you understand how much central control has dampened our life and our health, and how much the constraining of freedom through the financial system has dampened our total wealth, the wealth potential, if we could get this going right, is fantastic. That is the big secret in all of this.

There is plenty for everybody if we are willing to manage things in a responsible way.

Niceley: When we cut taxes, we said, “If we cut taxes, we will have a surplus.”

A few people believed it, but not everyone believed that. There are still people who do not believe that if you cut taxes, you will have more tax revenue, but it works. We have proven it, and even though we have proved it, people still don't believe it.

Fitts: The reality of what has happened isn't sufficient to persuade them?

Niceley: They think it was a one-time fluke and that it won't happen again. They say, "You can't do that again. You can't do that trick again."

Art Laffer would argue with you. Art lives in Nashville now, and he would tell you that Tennessee has attracted so many people from all over the world like you and Art Laffer. You can't believe the people who have moved into Nashville!

Fitts: I have because coming through this last time, I met wonderful people, and they are 'pouring in'.

I do have to say this one thing: When Tennessee does a state bank and a state depository and buys some precious metals in its reserve funds, the call will go out internationally to investors. Your problem as a senator is: How are you going to handle the growth?

Niceley: That's a good problem to try to take care of. In a world with this kind of turmoil, wealth is wealth; they can't destroy all wealth. The more gold and silver and wealth we have in Tennessee, the better Tennessee can be.

You can't make money off poor people; you make money from the people who have money. So, you must have a few people around to pay for it.

Fitts: I just drove across the State of Tennessee. I came from Texas, and then I went to Pennsylvania. I saw something that I didn't expect to see, and it was very inspiring. The best example was when I was talking to my cousin's daughter, who is ten. She just finished studying the Revolutionary War. We wanted her to tell us what she learned in class. She turned with pride, and said, "We fought for our freedom, and we won!"

Niceley: That is true. The American Revolution was a civil war. About half of the Americans didn't care one way or another. All the Germans under King George III didn't care because he was German. So all these Germans said, "It's alright. England's got a German king. That's fine."

It's interesting to study the Revolutionary War.

Fitts: There was a very powerful feeling that, “We are Americans, we are free, and we are going to stay free. That is just how it’s going to be.”

I was very inspired and glad to see and feel that after all the events of the last three years.

Niceley: You know, George Washington had to give it up. He said, “All hope is gone.” Then General Ferguson sent word to east Tennessee and made Tennessee mad, so they went over King’s Mountain. At King’s Mountain, they killed Ferguson, which changed the war; that was the turning point of the war.

East Tennessee saved the day during the Revolution. Again, we may have saved the day now.

Fitts: I would say that the people in east Tennessee are quite ornery. Wouldn’t you say so?

Niceley: We are, and we are proud of it.

Fitts: If I’m listening to or reading this and I’m in Tennessee – particularly if I’m in the state legislature involved in politics in Nashville – how can I learn more and how can I help you?

Niceley: We must find out what the questions are. When we introduce this and people listen to or read this interview, they are going to come back with questions. At that point, we need to answer the questions.

When you are dealing with us politicians, don’t assume that we are smart; we are all smart in one subject, but not all subjects. So, we must keep it down a level. It’s easy to talk over people’s heads. We have to make it simple. That is what I try to do – ‘boil’ it down and make it simple.

Sometimes with a subject like this, it’s hard to make it simple. When you are talking about international banking and all the different things that are going on in the world and the Bank of International Settlements and the Federal Reserve and all this, it’s hard to ‘boil’ that down to where the average guy can understand it.

Fitts: If I have a radio show or a TV show in Tennessee and I want to get you on to explain, are you available?

Niceley: Yes, politicians like to talk.

Fitts: I heard you give a speech in Knoxville that was outstanding. You may talk, but you make a lot of sense, and you get many people laughing. It was great!

Niceley: That was a great conference. There were 1,500 people there who were interested in food freedom; they were interested in good food and good health. You save your wealth by not getting sick. If you can stay healthy and eat good food and be healthy, then you don't waste your money at the hospital.

Fitts: Exactly.

Niceley: You made that point recently, and I thought, "Man, that makes so much sense."

I've told people that for years; we try to sell good food at the farm. It costs a little extra, but I tell people, "Good food is cheaper than doctor bills."

Fitts: Yes, it is. I said in my speech when I became an investment advisor that I was shocked at the number of wealthy people who thought they couldn't afford to spend extra to get high-quality food. It shocked me.

I used to get into some rather serious debates trying to explain the economics of not getting sick.

Senator Nicely, do you have any other thoughts or anything else that you want to add before we close?

Niceley: I want to thank you for doing this. Hopefully, we can answer some questions and stimulate some curiosity. There is a lot of upside potential and no downside on what we are trying to do. We must educate these banks to let them know that the state bank will be their friend and not their enemy. Our goal is to

keep our local banks in business.

Fitts: As a financial person, I want to give a message to the bankers and anybody in the credit union business and anybody in the local financial institution business: This is your pathway to preserve your business long-run. If you don't do this, you are going to get wiped out, and it will not be pretty. So, please take the time to invest and learn about this and how this can be part of creating far more wealth for you and your depositors and the people of Tennessee. This is absolutely essential.

If you don't do this, you will be out of business.

Niceley: That is the bottom line; there is plenty to think about.

Fitts: It's a lot to think about, but I am a perpetual optimist. The thing that is so amazing about America and Tennessee is if you look at how well we are doing despite all of this, it's incredible. If you look at the beauty of the land, the water, and the resources of Tennessee and some of its neighbors that you might get together in a compact, we have enough skills, talent, and wealth to make it work.

Niceley: Even with these high gas prices and high diesel prices, the traffic on the interstates is phenomenal. People don't know there are hard times out there. It's 'crazy'. It's encouraging to see people going about with their lives. They are happy doing what they are doing. They don't have a mask on now; they are just having a good time.

Fitts: That's why I told you that your problem, Senator Niceley, is when the world gets a 'load' of what is happening in Tennessee, get ready for a lot of talent to 'pour' in.

Niceley: We are having large amounts of people move in now. It's unbelievable. They're moving to the north and the south and the West. As long as they become like us, they'll be fine. Don't tell us how they did it back home; we don't want to hear it.

Fitts: Senator Niceley, I can't tell you what a pleasure it is for me to live in a

state where you are in the senate doing what you are doing. If there is anything that we in our network can do to help you do that, please let us know and we will be there.

Niceley: We are proud to have people like you. We will stay in touch. We will not give up. Sometimes it takes a while to get these things going, but we need good people educating our politicians and helping them to realize that there is no downside.

Fitts: There is absolutely no downside to this. Not at all.

Niceley: Thank you for helping. I can't wait until you come out with something new so I can read it.

Fitts: Senator Niceley, you have a great day!

Niceley: Thank you.

MODIFICATION

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