

Frank Gaffney ([00:10](#)):

We're back and joined, as we have the privilege of being just about every week about this time, by Bill Walton. He is the star of his own television program, The Bill Walton Podcast. It is terrific viewing and really required increasingly in light of the kinds of topics that he's covering, well, there, but also here, we're happy to say. He brings to it a wealth of experience, including as the CEO of Allied Capitalist, a \$6 billion Wall Street operation. So he knows his way around the financial sector, we'll be talking a little bit about that with respect to our favorite subject, namely Chinese Communist Party activities, both internal to China. And today with Xi Jinping making a "new chapter" opening in Moscow with his No Limits partner, Vladimir Putin. Bill, I wanted to both welcome you and take stock of all of that. Welcome back. It's good to have you with us.

Bill Walton ([01:06](#)):

Always, always, Frank. Great talking with you.

Frank Gaffney ([01:09](#)):

Thank you. So Bill, the last time these guys got together in one of their capitals, Vladimir Putin visited Beijing and on the eve of the genocide games, secured, I think, the green light from Xi to invade Ukraine as long as he did it after the Olympics were over. Might we expect this new chapter to open up a new front, do you think? Maybe in Taiwan, maybe elsewhere, including against us?

Bill Walton ([01:41](#)):

Well, thanks to the law of unintended consequences, what Tony Blinken and Victoria Nuland and Samantha Power have achieved, and I hope they're very proud of themselves, is finally driving China and Russia into each other's arms and you can add Iran to that mix. And of course South or North Korea is also eager to be in the club. And so we succeeded in uniting all of the enemies of the United States into one grand alliance. Now, as you've pointed out, and I think correctly, is that Vladimir Putin is reaching out to a country that's vastly more powerful than Russia right now. And so he's got to watch his back. And I think we're all sort of dubious that this is a lasting marriage. But on the other hand, it is a marriage of convenience that'll work for the time being. And it just puts us in an even worse position in Ukraine where we've essentially run out of supplies to send to Ukraine, the rest of Europe is balking and we're going to be left with something that's going to wind up very badly and the big beneficiary will be China.

Frank Gaffney ([02:57](#)):

There's a lot to unpack there. Let, let me just focus on one thing, Bill.

Bill Walton ([03:01](#)):

Yeah, I probably answered nine questions. Sorry.

Frank Gaffney ([03:04](#)):

No, it's great stuff. But the point about this marriage of convenience, probably not lasting long, I think was underscored by, amazingly, the Chinese putting out maps shortly before Xi makes this visit in which they rename a whole bunch of Russian cities in the east with Chinese names no less.

Bill Walton ([03:25](#)):

Well the thing about the Chinese, Frank, as we've repeatedly pointed out, they're telling us exactly what they have in mind.

Frank Gaffney ([03:31](#)):

Yes, they are.

Bill Walton ([03:33](#)):

They're not in a dark room with secret plans.

Frank Gaffney ([03:36](#)):

And yet we keep being told, "No, no, no, it's..." Somebody said in our webinar last week, Gordon Chang, I think it was that, "No, this is being described as the empty fortress technique. Just bluffing." It's a historical reference, but I don't think so, Bill. And I guess the concern I particularly have about Ukraine is not only that we're depleting our stocks of ammo and other gear we need to deal with the Chinese, but it's just a complete black hole for energy and national focus while things are going rather sideways in the Far East.

([04:17](#)):

And to that point, Bill, we had, as I mentioned this webinar last week and everyone can see it, I hope they have by now, but check it out please, at presentdangerchina.org, it was about China's preparations for the old-fashioned kind of war, not the unrestricted kind, but the shooting kind. And Bill, one of the things that came across loud and clear was they are beginning to restrict access to their country, to their supply chains, and to the kinds of business relationships that we've long been told we're going to make them, well yes, rich, but also more like us. A couple of data points on that. Mark Mobius, a billionaire who's long invested in China is having difficulties. Tell us a little bit about what you make of that.

Bill Walton ([05:08](#)):

Well, for those of you who follow financial markets, you may remember Mark Mobius back in the '90s running ads. And I don't remember the investment firm he worked for at the time, but he was basically pushing China as the investment opportunity of the future and has been on that path for a long time. But he has changed his mind. I don't know how completely about China. And he has been trying to withdraw from China and take his funds out of his accounts. And guess what? The Chinese Communist Party's making it extremely difficult for him to get his money out of China. And as a longtime friend of it, I think he's feeling very, very abused by these people.

([05:51](#)):

But it's another example of something else that's going on. We talked about the accounting firms and how we supposedly scored a victory by having our Big Four accounting firms audit Chinese companies so US investors could feel safer. Well, Beijing just banned Deloitte from doing business in China for three months because of a so-called corrupt relationship with one of the big investment companies that actually was put together by the Chinese Communist Party to bail out bad assets. So banned Deloitte. Deloitte, by the way, has 20,000 employees in China, so this is not a minor thing for them. And the list is very long now about signs that China is willing to rid itself of foreign influence in order to shore itself up strategically.

Frank Gaffney ([06:49](#)):

Bill, on that audit business, as we've discussed before, one of the reasons why that is of note is that Joe Biden, when he was vice president, helped engineer a deal whereby the Chinese basically didn't have to be audited, didn't have to have the kind of conformity with our regulations and statutes for that matter that their American counterparts did if they wanted to be in our capital market. And they've migrated trillions of dollars as a result. But we've of late, because of pressure among others that I think we've helped generate, been told by the SEC and the so-called PCAOB, the Public Company Accounting Oversight Board, that we're going to start auditing them, okay, but we're going to audit them in Hong Kong. And I would suggest that this audit story from Deloitte is suggestive of why that's a bad idea, don't you think?

Bill Walton (07:50):

Well, Hong Kong used to be a symbol of freedom in China, not in China, but as slightly adjacent to China. Well, since the Chinese Communist Party takeover of Hong Kong, you can forget that, it's a wholly owned subsidiary of the Party and everything-

Frank Gaffney (08:10):

It's just another terrible city.

Bill Walton (08:10):

... that happens in Hong Kong now, it might as well be Beijing. And so to be in Hong Kong shouldn't give investors any real pleasure. But if you want reminder, you know this already, but the man who was the founder and president of this big asset management company in China, where Deloitte was fired from, well, he was handed a death sentence just about two years ago and he was executed a few weeks later. And so it's-

Frank Gaffney (08:42):

It's called tough love with Chinese characteristics.

Bill Walton (08:45):

Yeah, so this is not, if you want, the signals are just screaming, get out of China and figure out how to protect ourselves.

Frank Gaffney (08:55):

Flashing red lights. Yeah. Bill, speaking of getting out of China, it seems that the Chinese were able to get out substantial amounts of money out of Silicon Valley Bank in which they had invested. By some estimates a third of the accounts were Chinese companies, entities, startups, investments in US tech companies, what have you. Give us an update on what's going on with Silicon Valley Bank and the prospect that American taxpayers, whether we call it that or not through the FDIC or otherwise, have just enriched the Chinese considerably at the expense of perhaps others who are going to be having banking difficulties here short.

Bill Walton (09:39):

Well, the Silicon Valley Bank to remind, was the most dominant, by far, bank to the venture capital business, both to the venture capital firms and to venture capital companies. And we've talked about venture capital in the US being involved in Chinese startups and artificial intelligence companies. Well,

Silicon Valley was a significant lender to Chinese startups, biotech groups, life sciences, they lent to these type firms in addition to the People's Republic, I'm sorry, the People's, Communist China, Chinese Communist Party. Sorry, I misspoke.

Frank Gaffney ([10:22](#)):

There you go. That's the key operation.

Bill Walton ([10:22](#)):

I know, right. Anyway, so it's deeply involved in this and the thing that's troubling for us is that the banks, for all banks really, the Fed's bailed Silicon Valley out by ensuring all its depositors. Well, the depositors were not mom and pop, only 3% of Silicon Valley's deposits were guaranteed, which means 250,000 or under, which meant everything else were big guys, big venture capital firms, big venture operations. And in effect what happened-

Frank Gaffney ([10:58](#)):

Democratic donors probably with the high correlation, don't you think?

Bill Walton ([11:03](#)):

It's basically the list of all the top Silicon Valley Democrat donors in the last decade and just before they went under, Silicon Valley committed \$5 billion to a green climate initiative. And in the banking business, that's an astonishing number because that was 2.5% of its assets and it absolutely would-

Frank Gaffney ([11:26](#)):

Assets that turned out they didn't have to be throwing around at the moment.

Bill Walton ([11:30](#)):

Yeah.

Frank Gaffney ([11:30](#)):

Bill, we have to leave it at that for this particular installment, but we so look forward to our visit with you next week and appreciate this one as well as the work you do at The Bill Walton Show. You can find it in all the right places, folks, and I encourage you to do so. Bill, we'll look forward to talking with you next week-

Bill Walton ([11:45](#)):

Unfortunately, a lot going on.

Frank Gaffney ([11:46](#)):

Stay well, as always, but that's what keeps us going. Thank you, my friend.

Bill Walton ([11:50](#)):

Yeah. Great.

Frank Gaffney ([11:50](#)):

We'll be right back with more right after this.