

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

We're back. And as is often the case, well almost always the case in fact, about this time we have a chance to visit with Bill Walton, a recovering master of the universe from Wall Street, who now runs television podcast program titled The Bill Walton Show. In his spare time, he is also a very active in philanthropic activities, as well as conservative movement programs, including with our shared interest in the Council on National Policy. Council For National Policy, I should call it. Bill Walton, it's good to have you with us as always. Welcome back, sir.

Bill Walton ([00:50](#)):

Frank, great to see you.

Frank Gaffney ([00:52](#)):

Drawing on your experience in Wall Street running Allied Capital, a \$6 billion venture up there for a time, I wanted to draw you out, as we often do on some developments that seem to be further eroding the advisability of China investments for Americans, whether they're pension funds or mutual funds or index funds, or any other investment vehicle for that matter, despite the continuing determination of your former colleagues on Wall Street to make such investments. Walk us through some of the developments, Bill, that are making China, as you've said here, increasingly uninvestible for foreigners.

Bill Walton ([01:39](#)):

Well, China's been the honey pot for Wall Street for the last decade or more. It's potentially a \$60 trillion market for them to manage assets. And Wall Street has made a fortune underwriting Chinese companies going public in the United States. And then many, including you and Roger Robinson have alerted us all to the fact that these Chinese companies going public in the US happen to be controlled by the Chinese Communist Party. And what makes matters worse as an investor is that they're giving us unaudited financial statements.

([02:17](#)):

So we have the Chinese Communist Party taking US investor dollars and saying, "Well, you can trust us, of course. "And then we've cracked down on that. And the PCAOB, which is the entity which oversees the accounting firms and accounting audits in America, has now been charged with overseeing audits in China. And surprise, surprise, the first results of that audit is that they found four firms, the big four accounting firms are all in China with big operations there, and they found faults with every single audit of the companies that they looked into. And they focused particularly on technology companies and international security oriented companies. And there's some simple things that they didn't have in those audits. They failed to understand the IT systems, they couldn't check the revenue correctly and they had incomplete documentation.

Frank Gaffney ([03:20](#)):

What could possibly go wrong, Bill?

Bill Walton ([03:23](#)):

What could possibly go wrong? And as you know, as somebody who's worked his way through business school teaching undergraduates accounting, that offends my sensibility to not have incomplete documentation. And they don't know the revenues.

Frank Gaffney ([03:38](#)):

I bet it does. But Bill, I just have to ask you, let me ask it. You mentioned Roger Robinson and I was very pleased to see that the China Select Committee had him featured as one of its witnesses on the 17th of May. I think a really important hearing laying bare the sort of economic and financial warfare the Chinese Communist Party's been waging against us. But I wanted to just say on this PCAOB thing, that Public Company Accounting Oversight Board is the unwieldy name that goes behind that acronym, what were they thinking when they decided that instead of having formal due diligence backed accounting here in this country, which every other company as I understand it, on Wall Street has to be subjected to, that instead... Well, I guess to this point, they've not had any accounting really at all for those Chinese companies thanks to Joe Biden. But they were trying to come up with this workaround to do it in China, and it was assuredly going to come out this way, was it not?

Bill Walton ([04:47](#)):

Well, we knew it would. This was a negotiated deal with the Chinese Communist Party and the Chinese Communist Party does not want to let us know what the insides of these companies look like, financial technology or otherwise.

Frank Gaffney ([04:58](#)):

They call them state secrets, Bill.

Bill Walton ([05:02](#)):

Well, everything in China is a state secret. As we know, the Espionage Act and the updated one is even more onerous, they used to talk about national security interest and now they to now they're talking about national interest only, which means everything. So every single company and every single individual in China is subjected to this rule. And what China's doing, you mentioned due diligence, is they've begun a big crackdown in the last six to 12 months on due diligence firms operating in China. Now, as an investor, just to give a little tutorial, you don't go into an investment, at least a smart investor doesn't, unless you've done extensive work on the market, the companies, the technology, the pricing, the suppliers, everything, and also the political risks.

([05:50](#)):

And in China, there are dozens of firms that provide this information to foreign investors, foreign to China, and the Chinese are shutting that down and they just shut down Capvision, accusing Capvision of releasing state secrets. And to give you some feel for these companies, Capvision employed or had independent contractors, roughly 250,000 worldwide. They're headquartered in Shanghai and New York, I think. And these are accountants, these are industry experts, these are CEOs, these are people who've got industry experience and whenever you go into something you want to find out from them what's really happening. That's all being shut down, including their database, which I misspoke a couple of weeks ago, it's called Wind Information. And investors used to have access to that, which had all the records of Chinese companies in it. We're no longer allowed to see it. So that's where we are.

Frank Gaffney ([06:48](#)):

Which further raises questions about the advisability of doing business with any of these guys, which goes to your point about this becoming a totally uninvestible enterprise in China. And yet, as we've talked about Bill in recent weeks, Ray Dalio and others are continuing to assert that even in the face of perspective war, shooting war with China, according to Ray, his clients ought to continue to do business with the Chinese Communist Party. It's insane, irresponsible, and I believe betraying our country. Bill, we

have to take a short break. When we come back, we will visit a little bit further on this and then talk a little bit about energy insecurity, a product of the Biden administration, right after this.