Up to 90% of PCR Tests for COVID-19 May Be False Positives

Jeff Brown | Aug 31, 2020 | Bleeding Edge | 10 min readPrint

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Dear Reader,

It has been an incredible few days in the world of COVID-19.

In fact, what I'll share today will seem almost unbelievable.

The Centers for Disease Control and Prevention (CDC) just updated its data on the number of deaths involving COVID-19, pneumonia, and influenza. This information can be found on the CDC's website under "Weekly Updates by Select Demographic and Geographic Characteristics."

This data was always frustrating to me because COVID-19 deaths were always lumped in with other comorbidities. There was no way to strip out the number of actual COVID-19 deaths that had no other listed causes of death... until now:

Comorbidities

Table 3 shows the types of health conditions and contributing causes mentioned in conjunction with deaths involving coronavirus disease 2019 (COVID-19). For 6% of the deaths, COVID-19 was the only cause mentioned. For deaths with conditions or causes in addition to COVID-19, on average, there were 2.6 additional conditions or causes per death. The number of deaths with each condition or cause is shown for all deaths and by age groups. For data on comorbidities,

Source: CDC

Above, we can see a screenshot taken directly from the CDC's website (the highlighting is mine).

The CDC is now breaking out the numbers. Only 6% of the COVID-19 deaths died exclusively from COVID-19. Just 6%! On average, the rest of the COVID-19 "deaths" had two or three other underlying causes of death (the average was 2.6).

COVID-19 total "deaths" in the U.S. are at 168,864.

So 6% is only 10,131 deaths from COVID-19 with no other underlying causes.

But it gets so much better… It really was an exciting weekend.

The New York Times put out an extensive article on polymerase chain reaction (PCR) tests and how they determine who has COVID-19 or not. The PCR tests are widely used to search for small segments of genetic material that look like COVID-19. If it finds it, the test is positive.

But there is a major problem…

The sensitivity levels of the PCR tests have been set too high. *The New York Times* reports that up to 90% of people testing "positive" carried barely any virus.

In other words, people may have had COVID-19 a while ago but certainly didn't have it now. Or the test may have detected some naturally occurring genetic segments that looked like COVID-19 but weren't.

To put things in context, if the medical community set appropriate sensitivity levels resulting in "real" positives for COVID-19, the COVID-19-related genetic material in a patient's sample would have to be anywhere between 100-fold to 1,000-fold the levels that are being used today.

Nuts… that's how far off the settings are.

So why is this relevant to the CDC's revelation that only 6% of the stated COVID-19 deaths were actually caused by COVID-19 and nothing else?

Because the states and the hospital systems use the PCR data when claiming a COVID-19-related death. If the PCR data comes back and says "positive," then COVID-19 is claimed as a comorbidity. And we now know that up to 90% of those "positive" tests may in fact be "negative."

It's over.

The charts used so widely in by the media to scare us with the spikes in new COVID-19 cases… they mean nothing at all.

More than half and up to 90% of those "new cases" are nothing at all. They are false positives. The economic lockdowns were for nothing. The two-week self-quarantines were for no reason at all.

Someone or some group within the CDC intentionally gave guidance for the PCR sensitivity settings knowing that this would result in an incredible spike in new cases… and economic destruction, fear, panic, and chaos.

This is a scandal of epic proportions.

Now let's turn to our insights…

The SEC keeps the insider racket going…

My mission here at Brownstone Research is to deliver executive-level investment research to everyday retail investors.

As an angel investor with a deep network in Silicon Valley, I know firsthand

how the game is rigged against the average investor. The venture capitalists and private equity firms keep the best companies private for as long as they can.

That way, they keep the vast majority of all early investment gains from a company to themselves, locking the average investor out of the best deals.

This is done intentionally because the largest investment gains come from investing at the earliest stages and selling when a company becomes a multibillion corporation.

Sometimes they will keep a company private for a decade or more. And then, when the company has become overvalued in the private markets, they push the company to go public so they can dump their shares on retail investors – often at an even higher valuation.

The reality is that normal investors are left with the equivalent of table scraps, and in some cases, they are buying into companies that are overhyped and way overvalued. Buying in at those levels will not produce profits; it will result in losses.

Normal investors are excluded from investing in private companies because of the Securities and Exchange Commission's (SEC) accredited investor rule.

The rule says that only accredited investors can invest in private deals. And it defines an accredited investor as someone with a net worth greater than $1 million or an annual income greater than $200,000.

Well, back in December, the SEC released new language surrounding its accredited investor definition. Many of us hoped that its updates would lead to a more inclusive definition, opening the door to more retail investors.

Sadly, that didn't happen.

The SEC recently announced that it did in fact change the definition, but all it did is add people who hold certain securities licenses to the list. As an example, stockbrokers are now considered accredited investors even if they do not earn more than $200k.

Talk about a disappointment.

The SEC is expanding those who can access private deals to a larger subset of "insiders" who work in the financial services industry. For those who work outside of financial services and don't have the specific security licenses, this change means nothing at all.

And the rule doesn't make any sense in the first place.

Think about it – the federal government is perfectly fine with nonaccredited investors going to the casino and gambling their paychecks away. Why can't those same people invest in the most promising private companies too?

I do have to tip my cap to SEC Commissioner Hester Peirce, who spoke out against the accredited investor rule. We talked about Peirce back in June. She is known as "Crypto Mom" because she supports innovation in the blockchain industry.

And I love what Peirce had to say about this issue: "Why shouldn't mom and pop retail investors be allowed to invest in private offerings? Why should I, as a regulator, decide what other Americans do with their money?"

She went further saying, "A person's economic status may demonstrate an ability to withstand losses, but it certainly does not demonstrate financial sophistication."

Equally salient, she states that regular Americans "cannot use their experience, local knowledge, education, and investing acumen to build a

balanced investment portfolio, to maximize the nest eggs they pass on to their children, or to invest in their own communities."

Amen.

While this decision by the SEC is disappointing, there is a small silver lining.

The SEC is currently discussing crowdfunding regulations right now. There's a chance the cap will be lifted on Reg CF deals, which would allow more retail investors to invest in private companies through crowdfunding offerings.

Expect to hear more about this in a later issue of *The Bleeding Edge*.

Palantir is bypassing Wall Street with a direct listing…

We talked about Palantir last month. This is one of the oldest and largest of the new generation of private companies in Silicon Valley. Based in Palo Alto, Palantir was founded way back in 2004. And it's been secretive for most of its existence.

Palantir's business is to take in huge amounts of seemingly unrelated data, analyze it, and extract key insights. It uses artificial intelligence and machine learning to find patterns and key data points that human analysts would likely overlook.

Basically, the company specializes in finding the needle in the haystack.

Last month, the industry was buzzing with the news that Palantir was finally going public. In a twist, Palantir just announced that it isn't going to do a traditional IPO. It is going to do a direct listing instead.

Wall Street must be fuming at this news.

Traditional IPOs flow through investment banks. The banks shop the IPO to large institutional investors to determine market demand for shares. This process helps to determine the share price at the IPO.

And for the work that the banks do, they collect roughly 7% of the total sale. It's a massive payday for those involved. And Wall Street typically underprices the IPOs of the most exciting names – like Palantir – at the expense of the company and to the benefit of Wall Street insiders.

A direct listing circumvents that entire process. With a direct listing, the company just lists a portion of its existing shares for trading. Then existing shareholders can sell their shares on the public market, and retail investors can buy those shares.

Slack and Spotify are the last two big companies to pursue a direct listing. This made sense because both companies are well-known. Spotify is a household name, and Slack is a work-productivity solution used by millions of people around the world.

Brand awareness is important because it means that retail investors are aware of the name and will be willing to invest.

What's interesting here is that Palantir isn't very well known. More than half of its business is with the U.S. government, so only a select few people are using its services. Plus, it has been secretive about the work it does.

But here's why a direct listing makes sense...

Historically, direct listings had one major constraint. The SEC did not allow the company to sell new shares and thus raise capital in the IPO.

This is a key reason why there have been so few direct listings to date. Very few private companies are sitting on large cash positions and generating free cash flow. Most companies access the public markets because they need to raise capital to grow the company.

Normally, a direct listing wouldn't be a good fit for Palantir. The company lost $164 million in the first two quarters of this year, and it definitely needs to raise additional capital to grow.

But something just changed.

Days ago, the SEC approved the New York Stock Exchange (NYSE) to allow companies to conduct a direct listing AND raise new capital at the same time. And this is exactly what Palantir will do.

Rather than listing on the Nasdaq exchange, which is primarily known for high-tech listings, Palantir is going to the NYSE so that it can raise new capital and do a direct listing at the same time.

Looking at Palantir's filing, the company is on track to do about $1 billion in revenue this year. Its last private valuation was $26 billion. So it is still a relatively small company.

If this were a normal market, we could expect Palantir to go public with an enterprise value-to-sales ratio (EV/sales) of 10–12. But this isn't a normal market – we have software companies trading with EV/sales above 40. And Zoom is trading at an EV/sales of 99. That's insane.

If I had to guess, I expect that Palantir will go public somewhere around a 20–30 EV/sales given the current market conditions and the nature of Palantir's business and products. That would put the company's enterprise value in the $20–30 billion range.

That said, I wouldn't be surprised at all to see it start trading at a $50 billion valuation in this market. Many hot stocks are simply not trading at rational valuations right now.

Apple's secret strategy to overtake Zoom…

Speaking of Zoom – the company has some big competition coming and likely doesn't know it yet.

Here's the scoop…

Apple just acquired an early stage virtual reality (VR) company called Spaces, which was originally spun out from DreamWorks.

The company started off its business creating destination-based VR experiences. Spaces would rent out large spaces and create a VR experience for customers to interact with, like being in the world of *The Terminator*.

Not surprisingly, that business fell apart once the pandemic hit. There was no way to sustain the business when the economic lockdowns happened. So Spaces made a major pivot.

Spaces' new goal became to use its technology to create a VR platform for video communications. I love this idea.

Imagine doing a Zoom call where you can sit in the same room as the people you are talking to using virtual reality. Each person can decide how they want to be digitally represented.

Combining VR and Zoom

Source: Spaces

Then, when we speak to each other on the call, our digital avatars appear to talk. We can see each other's mouth move in the appropriate way. It "feels" more like we are really meeting in person.

This may sound far-fetched for anyone who hasn't tried VR yet. But I believe that this is the future of videoconferencing.

My team and I do a Zoom call at 7 a.m. each morning to coordinate our activities for the day ahead and make sure we are all rowing in the same direction.

Nobody wants to use the video feature on those early morning calls – we don't want to be seen in our pajamas with messy hair. Instead, we always want to present the best image of ourselves to others. That's human nature.

And that's exactly what this technology can facilitate.

We can capture 3D images of ourselves in various clothing, and those

images can become our virtual avatars for VR-based video calls. All we'll do is select the avatar that we want to use for each call. And the best part is that a system like this will actually use less internet bandwidth than what we are using today.

That's why I'm excited about Apple's acquisition of Spaces. I'm pretty sure the company has a bigger strategic play in mind.

Apple has a great chance to create a better, more immersive version of Zoom with the super simple and clean user interfaces that we are used to from Apple.

Regards,

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