

LIBERTY DOLLAR NEWS: October 2004 Vol. 6 No. 10

CALL TO ACTION:

Welcome new readers, Associates, Merchants and RCOs! Now is the time to protect your money from the continuing depreciation of the US Dollar, regardless of what kind of monetary meltdown is coming after the election, please read the first article. And for anyone who is approaching businesses with the Liberty Dollar, the second article is a must read also. Important: The "Question of the Month" addresses what happens if silver falls below \$7.50 AFTER we "crossover" to the \$20 Silver Base. More good news below! Rejoice and spend more Liberty Dollars and help return America to value - one dollar at a time.

TABLE OF CONTENTS:

1. Monetary Meltdown - What does it Mean?
2. How to Approach Businesses with the Liberty Dollar
3. Russian Bank Admits: Gold Market is Rigged
4. First Security Bank copies the Liberty Dollar
5. Presidential Candidate Michael Badnarik Arrested
6. Silver nearing the Crossover Point?
7. \$5 Silver Liberty SOLD OUT
8. 2004 Annual National Tour
9. Incident of the Month
10. Question of the Month
11. Liberty Associate of the Month
12. Quote of the Month

1. Monetary Meltdown - What does it Mean?

Above the din of the election year hubbub hubbub, you can hear an increasing buzz about the national debt and its consequences. Increasingly, there is talk about the depreciating value of the US Dollar and likelihood of a monetary meltdown.

Since most people have no idea of what a "monetary meltdown" will mean to them, they simply disregard it and go on about their lives. How unfortunate for most.

Between January 1919 and November 7, 1923 the German mark was inflated and ended in a monetary meltdown much like the US dollar is headed towards today. The price of silver soared from 12 German marks per ounce in 1919, to over 543 billion marks per ounce in just four years! The few people who moved their money from the mark to a valued backed currency like the US dollar, Swiss franc, British pound, protected their value and profited. Most people took no action and were destitute, which gave rise to Hitler. Which group do you want to be in?

In 1996, Russia had a monetary meltdown. The ruble, which had steadily depreciated just like the US dollar has, lost 90% of its remaining value overnight. Of course, these "unplanned things" always happen "overnight". What was its impact? Well, an analogy would be: If you had 1000 rubles in the bank when you went to bed, happily you still had 1000 rubles when you woke up. Unfortunately, when you awoke, if you could get your 1000 rubles out of the bank, or mattress, the prices would have changed. If breakfast was 3 rubles, it now cost 27 rubles. If dinner was 10 rubles, it was now 90 rubles. How long would it have taken you to eat your way through your 1000 rubles? Heaven help you if you want electricity or a phone! (Have you noticed the price of gasoline lately?)

In 1913, the year that the Federal Reserve Act was passed by Congress, the US dollar was backed by gold and silver and was worth 100 cents on the dollar. In 2001, after 88 years of federal manipulation, the Federal Reserve saddled the country with a 6 trillion national debt and the purchasing power of the

dollar had sunk to only 4 cents. At the beginning of 2004, only three short years later, the national debt had increased by another trillion dollars, the purchasing power of the dollar dropped 50%, and the purchasing power was worth the proverbial two cents. In the first nine months of 2004 alone, the national debt increased by a half trillion, and the year is not over! The sheer speed of the depreciation is alarming! The debt is going to the moon, and all your money is headed down. While this receives only the slightest attention by the media and public alike.

So if "the fix is in," what is going to happen and when?

The future is anyone's guess. But history is not so often fooled. The world has not faced such a global meltdown since Rome fell in A.D. 476. Remember the Dark Ages? They were not some of mankind's finest years. It took almost 1000 years to establish a new civil order. Monetary meltdowns are an outgrowth of fiat moneys, and the powers behind them. So it is impossible to know exactly when a meltdown will happen. But the speed at which the national debt is growing should show you that it is coming soon. And regardless of what it is called, it will be an assault on your money. Of course nothing will happen before the election. And certainly, no one is going to rain on Christmas. And then there is that 'crowning' event on January 20th. So a guess would put it off until February, or sometime during the first 100-day "honeymoon" the President usually enjoys after the election.

Just like every non-backed (fiat) currency before it, the purchasing power of the US dollar is entering a death spiral, much like the Russian ruble. Who became the President of Russia, but the ex-head of the KGB. Who is President of the United States, the dumb son of the ex-head of the CIA. Who rose to power after Germany's meltdown? Hitler. And you think the election matters?!

Forget about the phony "election". It is all scripted by the two factions of the CFR. Concentrate on your money instead -- because you can't rely on the government to protect its purchasing power. Look at the price of gasoline. What do you think your life will be like with gasoline at \$10 per gallon? You must protect your own purchasing power. Get some silver Liberty Dollars today. Share them with your family and friends. Use them in your business to safeguard your business and its customer base. Start diversifying out of the US dollar TODAY! Get yourself and your family & community back to value.

2. How to Approach Businesses with the Liberty Dollar

The Liberty Dollar is "the ultimate local business referral currency."

The marketing of the Liberty Dollar to businesses has evolved and is already proven to be much more successful. Traditionally, we have been content with asking Merchants to accept the Liberty Dollar. While the Merchant agreed, there were no other ALDs in circulation, and so there was usually nothing for the Merchant to accept. Plus the Merchant was faced with two major questions: 1) "If it was not government money, why should I use it?" 2) "If I can't deposit it in the bank, how can I use it?" The referral approach nullifies both the lack of circulation and the two questions by repositioning the Liberty Dollar as "the ultimate local business referral currency."

This strategy is a work-in-progress, as we discover the most successful way to approach businesses to use the Liberty Dollar. Your input is critical for us to succeed with the business community and our ultimate goal to return our great country to an honest monetary system. If you're interested in helping, please modify the text below as you think it should read, and send the revised text as a Word document to Truth@LibertyDollar.org.

MERCHANT SCRIPT:

=====

[As this is a business call, appropriate dress is recommended.]

RCO/Associate: "Good morning Sir. My name is Bob, and I stopped by to show you the new Silver Liberty." (You may want to shake hands with the Merchant, but quickly hold up the Silver Liberty so

the merchant can see it.)

Stepping closer to the Merchant, RCO offers the Silver Liberty to the merchant and asks him to hold out his hand. "Here, hold out your hand." RCO immediately does The Drop and says NOTHING. The Merchant is now holding a big, shiny, beautiful, heavy item. He has never seen it before. This moment is magical. Don't say ANYTHING. Let the Merchant savor the moment. Continue to wait... for a full minute or more.

Wait until the Merchant says something. Almost regardless of what he says, reply with, "This is the new SILVER Liberty Dollar - The ultimate local business referral currency." Stop talking. Don't say anything. Let the Merchant continue to ponder the Silver Liberty he is holding and what you said. You may want to say this sentence again.

Do not engage the Merchant into any discussions regarding the government, national debt, value of the US Dollar, political or monetary problems, etc. UNLESS the Merchant initiates such a discussion. Answer his questions in the briefest way possible.

Remember the Merchant's primary mission is to "make money". Sure he may be concerned about the community good, big box retailers, etc. but if he is not profitable, he will not be in business. So EVERYTHING you tell him should be focused on the benefits of the Liberty Dollar for his business.

RCO/Associate: "This \$10 Silver Liberty is a 'Trade Dollar' that is designed to circulate in OUR community and boost YOUR business. It is pure silver - so it has real value. It is TEN DOLLARS and you can use it in place of the \$10 bill. The more you use, the more your business will profit." Stop talking... pause... let the Merchant think about what you said.

Give the Merchant a chance to ask a question. Answer his question, remembering to KISS (Kept It Short, Simple). Then immediately retain control of your presentation.

RCO/Associate: "There are several ways your business can profit with the Liberty Dollar. The first way you can participate is simply 'Do the Drop' - (do the drop again with the Merchant). Simply offer this Silver Liberty as change to your customers. As a member in the Referral Program, you can get THIS MONEY at a discount and profit when you use it for change.

Give the Merchant a chance to ask a question. Answer his question, remembering to KISS. Then immediately retain control of your presentation.

RCO/Associate: "But the big benefit to your business is as a 'traffic builder'. When our customers leave with a big, shiny, beautiful Silver Liberty, they will invariably show it to their friends. And when asked where they got it, they will mention your business." Pause.

RCO/Associate: "Plus when you give out the Silver Liberty, you can give out the (name of your town) Merchant Directory." Show the Merchant, your directory or a sample of what is being used in Austin. Regardless of which Directory you use, mention that the Liberty Dollar is catching on, all over the United States, "...because it is good for business." You may also want to add that it is good for our country, if the conversation warrants such a comment.

Give the Merchant a chance to ask a question. Answer his question, remembering to KISS. Then immediately retain control of your presentation.

For example, the Merchant may ask why the Liberty Dollar is the 'ultimate' local business referral program. "...because it is our own money, with real value that doesn't depreciate, and circulates for the advantage of your business and the community..."

RCO/Associate: "So it is not just you, trying to grow your business, all the other Merchants will

likewise be giving out this Directory with your name on it too."

RCO/Associate: "I am sure you want more business, more customers, and to retain your existing business... The SILVER Liberty Dollar is the natural money for building local commerce. The more it circulates locally, the more business it creates, bringing merchants and consumers together to share in the real wealth of the community. Unlike bank money, the Liberty Dollar stays in circulation near your place of business."

RCO/Associate: "The bottom line is that the Liberty Dollar, this 'Trade Dollar' is legal, voluntary, and good for your business, because it can only be spent with local businesses. And as you would certainly accept it from your own customers, it is especially good for you."

Give the Merchant a chance to ask a question. Answer his question, remembering to KISS. Then immediately retain control of your presentation.

RCO/Associate: "Using the Liberty Dollar is real simple. This is a Merchant Display (hold up a display). These are the Merchant Directories. Simply offer a Silver Liberty Dollar to a customer by dropping it into her hand. If she asks questions just tell her that it is the new silver money to help the community, give her a brochure, and of course offer her a \$10 bill." Acknowledge to the Merchant that it is not his business to "sell" the Trade Dollar, he simply offers it as change. Also urge the Merchant not to get into any long discussions unless he has the time.

RCO/Associate: "The more you use, the more you will grow your business, and profit. The \$10 Silver Liberty Dollar is available in rolls of 25. We have an introductory discount of 10 percent and a guarantee buy back for any Silver Libertys you do not use. You can call me at any time to return these beauties - most unlikely - or to get more. Plus I will check back with you in two weeks to hear your "success stories" as I already know your customers will love these Silver Libertys for birthdays, Christmas, premiums for their own business... as you know there are a thousand uses for MONEY! How many would you like to start with... 10, 25 or something else?" Then STOP TALKING. Wait for the Merchant to tell you how many he wants. Yes, it is a 'cash sale' after all it is a 'currency exchange'.

After the exchange, show the Merchant the Merchant Label and offer to put it on his door. Explain to him that you will update the Merchant Directory with his info and deliver some of the new Directories as soon as they are printed.

Be sure to thank the Merchant for his support in the local economy and the Liberty Dollar. Reiterate, that you are available for his questions, and give him your card if not done so earlier.

Update your Merchant Directory often. As soon as you get five new Merchants, print and deliver it to ALL your Merchants. Be sure to take the opportunity to visit with your Merchants and ask for THREE referrals from each Merchant. Every Merchant knows other Merchants, has friends and family in business. Your best leads will come from your existing Merchants. Be sure to ask for three referrals every time you visit them.

Call the NORFED office with your questions, concerns, and feedback. Change this script to fit your presentation. Share you successes with the RCO Group so we can all do the best job and enjoy similar successes. Look forward to hearing from you. Good Luck!

3. Russian Bank Admits: Gold Market is Rigged

First published in English on October 04, 2004

Russian Central Banker Cites GATA, Says Gold Market May Be Less Than Free

MANCHESTER, Conn.--(BUSINESS WIRE)--Oct. 4, 2004--Movements in the price of gold are sometimes "so enigmatic" and central banks and bullion banks are so involved with it that the gold

market may be less than free, the deputy chairman of the Bank of Russia says in a speech obtained by the Gold Anti-Trust Action Committee.

The deputy chairman, Oleg V. Mozhaiskov, made the remarks at a meeting of the London Bullion Market Association in Moscow in June, but the LBMA and other participants in the meeting suppressed it, refusing repeated requests to release a copy. After months of negotiation, the Bank of Russia last week provided GATA with an English translation, which has been posted at GATA's Internet site here:

In his speech to the LBMA, Mozhaiskov cited GATA's work at length, and while not formally endorsing it, he showed that the Bank of Russia has been following it closely and knows that much more has been going on in the gold market than is widely acknowledged. Likening the central bank to a giraffe, Mozhaiskov quoted a poem well-known in Russia: "The giraffe is tall, and he sees all."

The central banker acknowledged that the great increase in the use of derivatives and central bank leasing of gold have depressed its price in recent years.

Mozhaiskov also denounced "the blatant lack of discipline" of United States fiscal policy and "the social and economic injustice of a world order that allows the richest country in the world to live in debt, undermining the vital interests of other countries and peoples."

Despite its use as jewelry, gold is mainly a financial asset, not merely a precious metal, Mozhaiskov said, and international financial circumstances are making gold particularly and hard assets generally ever more desirable for investment.

GATA is grateful to Mozhaiskov and the Bank of Russia for their willingness to address gold market issues openly, and we will encourage study and discussion of this speech.

<http://www.gata.org/RCBTakesNote.html>

Editor note: Although it is true that the gold market is manipulated, the truth is that it has always been controlled either by the Lord, Royalty, Priests, or governments. That's how it has been for over 5,000 years of monetary history. That's how it was when our country had gold and silver backed currency. What is most significant today is that we now have a publicly traded "Free Market" in gold and silver. Sure it is still manipulated, but it is much freer now than it has every been! And it will continue to be freer as long as the "Free Market" exists. So barring marshal law or a complete collapse, ala Rome II, we the people will continue to see less and less control as things like GATA and the Liberty Dollar lead us back to a valued backed currency owned by the people, ruled by the market that is driven by the people who use the currency. For more info, please read my chapter "Organic Gold Standard" in "The Liberty Dollar SOLUTION to the Federal Reserve" book.

4. First Security Bank copies the Liberty Dollar

Will wonders never cease? Thanks to the good work of Liberty Associate Myke Robbins in Lexington Kentucky, we just discovered that the First Security Bank has a \$10 "Comfort Coin" and a list of merchants who accepts it. Sound familiar? It has been out for a couple years and seems to be doing well. Unfortunately, the 39mm size Comfort Coin is in aluminum and is really quite unattractive. Now if the Bank would really want to support local businesses, it should consider using the beautiful Silver Liberty Dollar and provide some real protection for it customers with real money.

5. Presidential Candidate Michael Badnarik Arrested

When the presidential candidate of the third largest political in America is arrested, put in hand-cuffs and hulled away, and not one word of this appears in the media, you know that our media is as rotten as anything we ever heard about the Free Press in Russia. The current media STINKS!!! In fact, in many years from now, when misled Americas look back on this time, it should remind them of Rome II.

Thank God we had one last freeman run for the highest office. It is sickening that the media is so controlled.

As David Kocot summarized: "I think it's safe to say that democracy is dead when a presidential candidate is arrested and instead of seeing it on CNN.com, one of the lead stories there is "boy bitten by spider". No mention of it on any other news websites yet so far as I can tell from my cursory glances. Plenty about Kobe Bryant, Martha Stewart, and the latest baseball scores, however. At least we get to have our bread and circuses. Not all subjects of falling empires have been so fortunate..."

6. Silver nearing the Crossover Point?

Last March, silver moved from \$4 to over \$8 and the 30 DMA of silver crossed over \$7.50 for eight days. Then it retreated to below \$5 and quickly rebuilt its base at \$6. In other words it doubled and retreated 50% of the difference. This is a classic model profile. \$7 silver has now become the new base, only half a dollar off the \$7.50 spot price. From our perspective, there is little doubt that we will "crossover" to the new \$20 Silver the next time that silver exceeds the \$8 spot price and the 30 DMA stays over \$7.50 for thirty consecutive days.

Please note the "Question of the Month" that addresses what happens if silver retreats below \$7.50 after the currency crosses over.

7. \$5 Silver Liberty SOLD OUT

Amazingly, of the original Limited Edition of 25,000 half ounce \$5 silver Libertys, all but a few have been sold! Government issues are often smaller than this and don't sell out! Please be aware that the last few \$5 Silver Libertys will now be available at \$10 each. Just as the \$1 Commemorative Silver Liberty is now \$2 each, the \$5 is now double its original retail issue price. Of course, most of these were exchanged at a good discount by Liberty Associates when they were first released last year. And RCO scored them at an even greater discount. Collectibles and currency share a common line in the marketplace: When the market price of the currency exceeds the face value, the currency becomes a collectible and as such is worth more. It is really that simple. Stop being a collector, start being a Liberty Associate and get your currency at a discount and use it at a profit. Congrats to everyone who got the \$5 below face value!

8. 2004 Annual National Tour

With such a long Newsletter, just a quick "thanks" to all the people who I met this year. As a person who is known to "sleep around" I must say I had many wonderful experiences as I stayed with so many people. I witnessed the Liberty Dollar in operation from Miami to Maine all across the country and from LA to Seattle. I drove over 22,000 miles and hit one deer going into Omaha. But I rented a car and never missed a day. This Annual National Tour was a month longer, stretching out over four months, just another example of the growth of the Liberty Dollar. Many thanks for all the hospitality extended to me, and the Liberty Dollar.

9. Incident of the Month

I am delighted to report that not one "Incident" with any government or police official has been report in the last 30 days. I am sure this will change as we grow towards our potential, but regardless, we must move ahead if we are to return America to value. Please remember to report all incidents to the NORFED office. And if you are involved in an incident, please remain calm, know that you are not breaking any laws, and contact the NORFED office as quickly as possible.

10. Question of the Month

QUESTION: What is the effect if the 30-day moving average falls below \$7.50 after everyone has exchanged \$10 LD for \$20 LD? I don't see the 30DMA to be a one-way valve and am concerned that it could tread back-and-forth across that \$7.50 line, meaning in theory that the LD could keep switching

between a \$10 and \$20 silver base.

ANSWER: It is most unlikely, if not impossible, for silver valued in US dollars to retreat after crossing over its fordable econometric barrier of "30-day moving average over \$7.50 for 30 consecutive days". But as this concern has been raised, please consider the simple logic that with the world "reserve" currency exploding, i.e. inflating at an alarming rate, the cost of silver recovery increasing, and the simple fact that even the slaves in Mexico and Peru's silver mines must be fed or there won't be any new silver, that the cost to get silver out of the ground cannot go down. The US dollar cannot increase in value because it is based on the foul hot air of politicians. And with digital photography quickly replacing silver film, above grade recovery is quickly declining, as photography is the only meaningful source for existing silver. In reality, only after a global monetary collapse, will a new silver price structure evolve and hopefully that will also include a new value backed currency similar to the Liberty Dollar model. Of course, this outcome has yet to be decided by the marketplace. But by that time, many fortunes will have been lost and only a few well-prepared individuals will have profited.

First, there are no one-way valves in a free market. So what will prevent the Liberty Dollar from being whipsawed by a fickle silver market? The econometric barrier designed into the Liberty Dollar model is three times longer when silver is moving down than on the upside and a dollar less to give the market every advantage to stabilize itself. In other words, the 30-day moving average of silver must stay BELOW \$6.50 for 90 consecutive days to warrant any consideration of the currency returning to the \$10 Silver Base. Remember, a study of silver is a study in volatility. Silver has a history or "profile" that soars and then falls. That profile and the introduction of the "time factor" was the basis for the econometric tools that govern the Liberty Dollar - the world's first free market currency. Under no circumstances will the Liberty Dollar "keep switching between a \$10 and \$20 Silver Base" because "time" is an integral part of the design of the new currency. There is a huge difference between the spot price and the DMA price. That difference is the time factor. A thorough study of the silver market is most valuable in understanding the complexities of the Liberty Dollar model and the value it will bring to the massive monetary events we are about to experience. Be it an orderly transition or global meltdown, silver will provide the best protection and profit while the Liberty Dollar proves itself to be a superior currency model, if we are to return to "just weights and measure" once again. We chose, therefore we are free.

11. Liberty Associate of the Month

Our "Liberty Associate" of the month is not really an "Associate" but for anyone who has ever called the office, you know what a terrific help Michelle Jones is to the organization. And who knows, maybe Michelle is like so many people who say; "my husband is a Liberty Associate, so why should I be one too?" The reason is because if you have your own money, and most of us do, everyone who has those dreaded Federal Reserve note should be a Liberty Associate. Now with that explained, it is my pleasure to acknowledge Michelle for her outstanding efforts in the support of the Liberty Dollar for over five years! Congratulations Michelle Jones on being the honorary Liberty Associate of the Month and hope you will become a real Associate one day soon. Thanks again for all your wonderful efforts!

12. Quote of the Month

"If governments should refrain from regulation (taxes and extermination?) the worthlessness of the money becomes apparent and the fraud upon the public can be concealed no longer." - John Maynard Keynes - *The Economic Consequences of the Peace*, (1920).

Closing Remarks:

Lot of news, my apologies for the long newsletter. A lot is happening. Get involved!

Many thanks to all the Liberty Associates, Merchants, and RCOs for your continued support. For it is

only by banding together and adopting a free and independent currency which provides us with "just weights and measures" that we will be able to throw off the yoke of a manipulated monetary system and generate a peaceful and prosperous society.

Thank you again for all your efforts to return America to value - one dollar at a time!

Bernard von NotHaus
Monetary Architect/Editor
www.LibertyDollar.org
888.421.6181