

## **LIBERTY DOLLAR NEWS: February 2005 Vol. 7 No. 2**

### CALL TO ACTION:

Welcome all new readers, Associates, Merchants and RCOs! The “Year of the Merchant” continues! Please check out all the news below and if you have not joined the Liberty Dollar party, please do so. A new audio interview show with Bernard is online - download and listen...details below! If you have questions, please call the office 888.421.6181. Read this whole Newsletter and share the Liberty Dollar with your fellow Americans.

### TABLE OF CONTENTS:

1. 2005 Reverse Die Update
2. Merchant Counter Mat Update
3. US Treasury – Cannot Confiscate
4. Liberty Dollar University 5 – New Location
5. NEW Audio Interview Show Online + Google Search
6. SILVER by David Morgan
7. Harry Browne – President of FMNN
8. New PowerPoint Presentation
9. Incident of the Month
10. Question of the Month
11. Liberty Associate of the Month
12. Quote of the Month

#### 1. 2005 Reverse Die Update

Would you believe it? At the last minute, after the new 2005 die was heat-treated and was being polished for the initial test strikes, an error was discovered in the die. A replacement die has been ordered and we hope to ship the first 2005 one ounce Silver Libertys in the first part of March. Sorry for the delay! It’s going to be worth it.

#### 2. Merchant Counter Mat Update

It seems that delays run in pairs. The development phase drug on longer than expected but the final results will be even better. Successful samples of all parts of the new Counter Mat have been completed and the initial order for 1,000 Counter Mats has been placed! We will definitely have them in time for Liberty Dollar University 5. Orders will be shipped in the order received. Again, my thanks to everyone who has assisted in the development of the Counter Mat. The final is even better than the photo currently posted on our site at [www.LibertyDollar.org/CounterMat.asp](http://www.LibertyDollar.org/CounterMat.asp).

#### 3. US Treasury – Cannot Confiscate

One thing that angers all the honest coin dealers in the industry is the misrepresentation of the government’s ability to confiscate precious metals as a scare tactic by dishonest coin dealers of numismatic material. Now we have a definitive statement from the US Treasury. Quoting from Liberty’s Outlook, a newsletter by Liberty Coin:

“A December 17, 2004 letter by US Treasury Department Assistant General Counsel (Banking and Finance) Roberta K. McInerney addressed to the press secretary of Congressman John B. Larson (D-

CT) hopefully will put this bugaboo [confiscation] to rest. Rep. Larson's office had written the Treasury about concerns from constituents regarding the legal security of their gold, specifically because of the 1933 presidential decree to redeem gold. The text of Ms. McInerney's letter reads:

"I am writing in response to your email of November 29, 2004, which forwarded a question from a constituent of Congressman Larson's as to whether the Treasury Department could force the redemption of U.S. gold bullion coins at face value, or the surrender of foreign bullion coins."

"In Public Law 97-258 (September 13, 1982), Congress eliminated a statute (12USC 248n) which had allowed the Secretary of the Treasury to require individuals and others to deliver to the Treasury gold coins, bullion, and certificates. As a result, this statutory authority no longer exists."

My thanks to Pat Heller, the Editor of Liberty's Outlook, for publishing the original article. Liberty Outlook is published monthly by Liberty Coin Service in Lansing, Michigan and is one of a few newsletters that I read without fail. If you are looking for a good source for your numismatic and bullion needs, please call 800.527.2375. They've been in the business since 1971! For more info regarding confiscation, please read the chapter, "Confiscation" in The Liberty Dollar SOLUTION to the Federal Reserve.

#### 4. Liberty Dollar University 5 – New Location

LAST CHANCE: When we announced Liberty Dollar University 5, there were only four or five attendees. Now with over 20 signed up, we have moved to a larger and much nicer venue in Elkhart, Indiana. The new location is at the Signature Inn in Elkhart, Indiana, just 20 miles east of South Bend, which is only an hour east of Chicago. Please note that LDU5 starts at 6:00 PM on Wednesday, March 16 and wraps up with a Banquet on Friday, March 18 and a field trip on Saturday, weather permitting.

If you are really interested in the Liberty Dollar, want the inside info on how it works or are considering starting a RCO business so you can "make money, do good and have fun" then come to Liberty Dollar University 5! LDU5 promises to be the best to date with Ron Goodger instructing. Only \$200 for Associates and free to past RCO attendees or if you have recently become a RCO, as it is now required at no additional cost.

Get the facts, get started, and get to LDU5. Please call 888.421.6181 for all the particulars regarding hotel, agenda, and travel.

#### 5. NEW Audio Interview Show Online + Google Search

We're moving along with the Internet age and have two great new developments to share.

The first is that we now have Google searching of the Liberty Dollar web site up and running! Go to [www.libertydollar.org](http://www.libertydollar.org) and look in the lower-left corner. ANYTHING you want to find – 1792 Mint Act, RCO discount program, whatever – is now at your fingertips thanks to the awesome power of Google!

Also this month, we're launching the first of what we hope will become a long-running interview series that you can listen to online or on your MP3 player. They call it "podcasting" and I hear it's the latest thing with the kids. Go to <http://www.libertydollar.org/html/learnmore.asp> (Bottom Grid) and download the first installment where I talk about money and profit margins with Jason Pratt from Liberty Dollar of North Austin! We'd love your feedback – is this useful? Fun? Would you like us to keep doing it? Send your thoughts to [feedback@austinsilver.com](mailto:feedback@austinsilver.com) let us know what you think!

#### 6. SILVER by David Morgan

Recently, David Morgan our reigning silver guru and Liberty Associate condensed his best thoughts about silver and posted it on the Le Metropole Café. I encourage you to sign in for a free two-week trial

membership and check out this incredible site and consider the enormous potential for silver. And remember for the best information on silver, please visit David's wet site [www.Silver-Investor.com](http://www.Silver-Investor.com) and subscribe to Silver Investor with Liberty Dollars! David's article follows:

February 23, 2005

## HISTORIC SILVER – HEADED FOR HIGHER GROUND

By David Morgan editor [www.silver-investor.com](http://www.silver-investor.com)

With the rise in silver prices these past two years, silver is becoming an ever-more attractive and exciting metal to investors. This is not a fluke. Many understand that although the price has risen in U.S. dollar terms, the true gain has not been significant yet! Since the U.S. dollar has almost constantly been losing purchasing power these past several years, price alone does not tell the full story. In fact recently a few readers asked if they were too late to enjoy any further appreciation in silver's value. Silver is merely getting started in terms of how well it will perform not only against the U.S. dollar but all currencies eventually.

Given where silver has been and where I think it's headed, I thought I would take the opportunity to present some history about silver to explain why I am so confident in silver's performance today, and even more optimistic for tomorrow.

Sometimes, we get carried away with our current investment situations and lose track of the "bigger picture." We start to think that every tick upward is a countdown to an immediate explosion in price, and that every downward move presages a drop to low and disappointing prices. Living in the moment, as we often are, we are all guilty of this from time to time.

Of course there are plenty who will encourage the latter view. The kind of price rise that silver has been enjoying, and gold too, are "dead-cat bounces" if you believe many on Wall Street.

This is where knowledge of history is helpful. Wall Street won't ever explain to you that silver has been a valuable metal for thousands of years, as much as 10,000, 15,000 or even 20,000 years. It's malleable, useful, and is satisfying to the touch and beautiful to look at. People almost instinctually understand this.

Since most on Wall Street won't explain it to you, even if they knew it themselves, you need to understand silver's history for yourself. You need to read up on it and bear in mind some basic, historical truths. Understand silver's history and you can put the inevitable ups and downs of the market into perspective and tolerate more price volatility. Silver has been around a lot longer than you have. It will still be sought after, and gaining value in a fiat-money system, long after you are gone.

### THREE POINTS FOR SILVER

When examining silver as a valuable investment today, one should keep in mind the following points.

**Monetary function:** Silver has had a monetary function far longer than gold, being used as the most common medium of exchange in everyday commerce since well before the time of Christ. In fact, silver again lasted longer than gold as a medium of exchange (real money), surviving until 1965, whereas gold ceased to circulate among the people in 1933, being reserved for balance-of-trade payments until the gold window was closed in 1971. Silver has enormous attractiveness and staying-power when it comes to free-market monetary decisions – and no doubt if people were free to circulate whatever kind of money they chose, silver would again become the common man's first choice.

**Store of value:** It is also worth noting that in a true gold standard, many financial planners would be out of business. As absurd as this sounds, follow the logic. If the monetary system were based on honest weights and measures, you would know, when you first entered the work force at, say, 20 years of age,

exactly how much you would need to save by age 65 for retirement. Why? Because your purchasing power would remain constant. Under an honest monetary system, interest rates are stable and long-range planning is simplified. In a true gold standard, purchasing power actually increases slightly over time so that an ounce of gold would buy slightly more after 35 years than it did when you originally entered the work force. For thousands of years, silver has held its value, becoming steadily more useful as an industrial metal while retaining its position as a precious metal second only to gold.

Undervalued status today: In consideration of silver's monetary role, we need to examine historic ratios between the values of gold and silver. Historically, silver was valued at approximately 1/12 the price of gold or what I call the natural ratio. Once silver and gold were both used as money, silver was 1/16th the price of gold. This is what I refer to as the "classic" ratio or monetary ratio. This 1/16 ratio held from 1700 to 1860, one hundred and sixty years. Only in recent history has the gold/silver ratio risen above the "classic" 16:1. If we use the classic ratio, then one troy ounce of silver would be over \$25 USD with gold at \$450USD. This seems crazy, but it actually is normal from a historic point of view. A menu in the 1850s might offer a meal for 5 cents. If you worked as a miner during the great silver rush in Virginia City (Comstock Lode), you were paid two silver dollars per day as wages. The five cents would be 1/40th of a day's wage. Taking that to the present time, a person making \$5.00 an hour (\$40 a day) is able to buy a 99-cent hamburger at several fast food outlets. This is equivalent to the 1/40th comparison. Looked at historically, silver has a long way to travel up once a breakout begins.

#### THE TRIGGER?

Silver's value is pent up and steady market pressure will unlock it over time. Whether the value is realized all at once – highly doubtful – or over a period of months and years, no one can say with any accuracy. But as my little historical overview above shows, the reality of silver's value and its erratic upward moves in the last few years are no flukes. Silver is volatile but the major trend is up and we are very early in the major trend.

Where might the trigger lie this time? Probably what will trigger a substantial move in the market is industrial silver demand from China - a vast country in the throes of a compressed industrial revolution.

In a recent article, I referred to the industrial pressure from China plus inflationary pressures around the world as the "Silver Trap" – and concluded that: "Silver is going through the roof, in my opinion, because of the twin pressures of inflation and industrial demand and increasing industrial demand from China. More than gold, silver is going to come under pressure because it is an industrial as well as precious metal."

I also wrote, "We are on the cusp of breaking out of the Silver Trap – and the force of the explosion may be mighty indeed. The twin drivers of inflation and high demand are providing the fuel, and the takeoff is underway. The market is a mighty force and cannot be denied – not now, not as it affects the silver market, indeed the precious metals markets in general."

No one can predict how long it will take for silver to reach its true value, but almost everyone, when confronted with the facts will admit that silver is a long way from that point yet. Usually it takes protracted bear markets – commodity markets – several years to reattach silver (or gold) to a realistic market price.

Are we in such a market? Yes, we are. The pressure on silver supplies is strong and growing more powerful every day – and the demand from Asia and from China in particular for industrial silver will only continue to strengthen. The recent price rise in silver was encouraging, but even were silver to dip again, those who understand silver's history would merely look on those dips as buying opportunities.

I believe we are on the brink of a historical re-evaluation in silver prices. Those with a basic knowledge of the history of the "white metal" and its ability to retain value over time, will be the ones who will

find it easiest to tolerate the entire wild ride (and it will likely last throughout this decade and maybe beyond) as silver finds newer and much – very much higher - ground.

I will close by reminding readers that in numerous other articles and white papers I have stressed that physical silver is not the only way that investors position themselves for the ongoing upward movement over the next half decade. It is important for investors to invest in real silver and gold. However, the leverage in stocks, especially small mining stocks is quite extensive, if one is positioned correctly. My newsletter, the Silver Investor, contains such choices – and recently we have been focused on one opportunity in particular, in northern China.

[Editor's note: Thank you David for the quick info on silver. Likewise, for me, silver represents the single best physical investment on earth.]

#### 7. Harry Browne – President of FMNN

Thirty years ago when I wrote my first economic research paper To Know Value, one of my first mentors was Harry Browne. So, I was pleased to learn than my old friend has been appointed President of Free Market New Network, replacing FMNN founder, Anthony Wile – who stays on as Chairman.

Harry is a two-time Libertarian presidential candidate and a best-selling author of free-market-based lifestyle, political, and investment books. He has served as a director of the company and its media anchor, and he'll retain those positions as well. FMNN is a media-rich website, presenting independent financial analysis and political commentary from a variety of well-known free-market thinkers.

Harry Browne is one of the most successful investment writers of the late 20th century. His first book, which contributed to my early work, "How You Can Profit from the Coming Devaluation," was published in 1970 — and the book's theme struck a chord with tens of thousands of Americans, penetrating the New York Times bestseller list. His 1974 book, "You Can Profit from a Monetary Crisis," remained on the Times bestseller list for 39 weeks and reached #1. It allowed thousands of investors to hold their own and to profit during the economic turmoil of the late 1970s. His political books have provided a provocative mix of ideas that speak to hundreds of thousands of Americans who feel frustrated by big government. He has been a popular public speaker since the 1960s, and has appeared on the Today Show, Wall Street Week, The Larry King Show, and scores of other national radio and television shows.

I am a regular commentator on FMNN, which has featured the Liberty Dollar on several occasions. It provides a unique free-market experience and resource base — including regularly updated financial and investment reports and news stories, up-to-the-minute commentary from close to 100 top free-market thinkers around the world, plus audio and TV programming that features information on investment-related, liberty-oriented, and general-interest topics.

#### 8. New PowerPoint Presentation

Two new PowerPoint presentations have been added to the Liberty Dollar site at <http://www.libertydollar.org/html/learnmore.asp> (Bottom Grid). One is large and one is small. Both are excellent sales tools, speaking guides, and will help you be more effective in spreading the word about the Liberty Dollar. Easy to download and easy to use. Even if you are not PowerPoint savvy, just print it out and use it as your talking points. Give it a go, and let us know how it works for you.

#### 9. Incident of the Month

On February 1, 2005, William J. Rudge IV of Stuart, Florida filed an Incident Report:

I've spent a \$10 dollar Silver Liberty Certificate on cigarettes at a Mobil gas station in Jensen Beach Florida. The store manager, Star, said that this isn't legal and contacted the Martin County Sheriff

office. Detective Ferreira who threatened to arrest me for theft was extremely rude, disrespectful, and unprofessional. The store management told me that the police had taken my Liberty money. So I called Ferreira and he said, "I've never seen it." So we set an appointment for me to come in and show him both a Silver Certificate and a Silver Liberty on February 23.

A few days later, he cancelled that appointment saying we had nothing to talk about. I referred him to the website in the meantime. Then I went back to the store requesting my Liberty Dollars back as they had accepted a \$10 treasury note, without giving me my Liberty Dollars back. Again, the officer was rude, abrupt, and threatened me with trespassing arrest if I returned to Mobil. So I called Sheriff Robert Crowder's secretary to make an appointment with him. Several days later he said the detective's supervisor would look into it. Several more days later he called me and said that there is no investigation because there was no crime. And when I asked about my Liberty Dollars again, Detective Ferreira said, "I guess you have to eat it, maybe you'll learn something." Further calls got nothing but rudeness.

Editor's note: As I have said many times: Always offer to exchange the Liberty Dollars back to FRN for any incident. But never do that without getting the Liberty Dollars back AT THE SAME TIME. Every time that this has not happened at the same time, the Liberty Dollars have been stolen. Please demand nothing but a direct exchange.

#### 10. Question of the Month

QUESTION: What is the RCO's region and how is defined?

ANSWER: With the increased attention on developing the Merchant of the Liberty Economy and the RCO model, this question is addressed on the RCO page at:  
<http://www.libertydollar.org/html/rcofaq.asp>.

Every RCO receives a description of its physical region that is defined by a list of zip codes and a map. The actual size is defined by population density, terrain, state or national boundaries, and an effort to utilize the longitudinal and latitudinal elements of the zip codes to create a series of "blocks" to eliminate any doglegs or panhandles in the overall layout of the RCO regions. Eventually every zip code in the United States will be assigned to a RCO. Maximum physical size is limited to a 50-mile radius. Of course this only applies in the most unpopulated areas of the United States. Initially a region is designed on a circle based on the RCO's zip code with a population base of 750,000, which is then squared and defined by a list of zip codes. Often, the actual zip codes shape a RCO region as it is configured to "fill-out" to a state line, lake or some other feature that acts as a natural divider. So a RCO region may be more rectangular in shape than a square. Population is usually the limiting factor in the actual size of each RCO. Currently, no RCO contains over 750,000 people thereby giving it room to grow to a full million as it is acknowledged that our success will take place over time.

For complete info about the Regional Currency Office business plan, qualifications, and requirements, please read the complete page and all related links at <http://www.libertydollar.org/html/rcofaq.asp>.

#### 11. Liberty Associate of the Month

Shortly after Joe Banister realized that the IRS was a monster criminal organization and resigned to ex-IRS fame, he became one of the early Redemption Centers (now renamed Liberty Associate). Of course, Joe's battle did not end with his resignation, it fact it was only the beginning to his ongoing battle to expose the IRS for what it is. Currently, Joe is under indictment and facing an enormous battle to retain his livelihood as a practicing CPA. In a recent email, Joe said, "Your continued financial support is enabling me to illustrate, in detail and in a very public manner, that the IRS does not prevail against citizens because the agency adheres to the rule of law, but that the IRS prevails against citizens because the agency ignores the law, twists the meaning of the law, and overwhelms the citizen with

economic and legal burdens. In a schoolyard, such tactics are called "BULLYING". In a government setting, such tactics are called "TYRANNY".

For these reasons, Joe Banister, former IRS Criminal Investigation Division Special Agent, is named Liberty Associate of the Month. Congratulations and thank you Joe for your support.

For those who are unfamiliar with Joe's case, please visit [www.freedomabovefortune.com](http://www.freedomabovefortune.com) and click on "IRS LOCKOUT UPDATE". Then consider donating some Liberty Dollars. Joe speaks for all of us and needs our support.

## 12. Quote of the Month

“The great enemy of truth is very often not the lie deliberate, contrived and dishonest - but the myth - persistent, persuasive and unrealistic. Mythology distracts us everywhere.” John F. Kennedy

### Closing Remarks:

As the Liberty Dollar matures lets get more out there to more people. Lets band together with our like-minded friends and adopt a free, independent currency, which provides us with “just weights and measures”. Lets 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](http://www.LibertyDollar.org)

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