

NORFED NEWSLETTER: VOL. 4 NO. 1 JANUARY 2002

EDITOR'S NOTE: The biggest news this month is an improved NORFED site, no "trial" for the IRS and this may be my last Newsletter as Editor.

TABLE OF CONTENTS:

1. New Web site: Calling all links! IMPORTANT
2. "Tax Trial" on Trial
3. Question of the Month
4. Calendar of Events
5. Redemption Center of the Month
6. Quote of the Month
7. Ralph Nader down on F*R*
8. Silver article by David Morgan
9. To Understand Silver, Watch Gold
10. FolderSafe - New Way to Protect Your Privacy
11. Senior Economist

1. New Web site: Calling all links!

WOW! Have you visited NORFED's new "optimized" web site recently?! Thanks to Jason Pratt, the new site is quick, well focused and optimized for better positioning by all the important search engines. Now, what is critically IMPORTANT is that we build as many links to www.libertydollar.org as possible because the more the links the better the NORFED site will be listed by the search engines. Furthermore, the bigger or more popular the links to NORFED, the better the listing of NORFED. Please check out our new home page, get reacquainted with it and do your best by adding some links to www.libertydollar.org. Every link is IMPORTANT.

2. "Tax Trial" on Trial?

No, it is the government that is on trial! At the time of this writing, it is unclear as to the status of Bob Schulz, We the People Foundation for Constitutional Education and our noble effort to meet with the not so noble US government. As we all know it was Bob who went on a hunger strike to bring the US government to the table for a frank, public review of "their" "income" tax laws, regs, etc. The only thing that is not so surprising is the fraudulent, misleading way the weaseling bully government has treated Bob and in turn We The People. Let it be known that if this government's criminal, immoral behavior continues then, much more drastic action must be taken, for the Declaration of Independence commands us: "WE hold these Truths to be self-evident...that whenever any Form of Government become destructive of these Ends, its the Right of the People to alter or to abolish it, and to institute a new Government..." Hello...

Let us move forward in a peaceful manner and pray that the current damnable government gets the hint that our Constitutional form of government will not perish from this earth, so help us God.

3. Introduction of the Euro - is it backed by gold?

In the beginning, all major currencies that now roam the planet started as gold or silver coins. Eventually the coins gave way to the more convenient paper "currency" that was then backed by the gold and silver coins. Trace the history of the US Dollar, German mark, French franc, British pound, Japanese yen, Russian ruble, etc. and you will see that they all were simply nationalistic names for the same gold based currency, with slightly different weights. This was known as the Gold Standard. In comparison, this is not the history of the euro. When the euro was first re-introduced some 15 years ago, there was talk of it being backed by 30% gold. Over the years it was reduced to 25%, then, 20%, then 15%. And now like all the d*mn thieving government money, it is simply ALL talk. To the best of my abilities and every major monetary researcher that I have contacted on this fine but all-important point, there is no backing to the new totally fiat euro currency - the first major "money" in history to be initially issued without any backing. The euro is all talk and all that talk is pure bullsh*t, which is what the euro is backed by.

4. Calendar of Events

I have finally started to use the Calendar on the NORFED site. If you want the latest info, please consult the CALENDAR. Also as I have been telling the RCs that I have been meeting with recently, that my three-year tour commitment for NORFED is now over. No, I am not walking away from NORFED. But my driving tour is over and I will henceforth devote more time working in my Miami office with a minimum of one public appearance per month. Plus, given my commitment for the annual tour of the warehouse in the Northwest, visiting the NORFED office in the Midwest, my family in California and living in Florida, rest assured that I will still be very accessible. I have made a standing offer to attend any gathering of 100 people or more for only travel expenses and a place to stay.

5. Redemption Center of the Month

As I briefly mentioned in the first article (#1), NORFED's new web is the result of Jason Pratt, who found NORFED and became a RC. And also like many of us he really wanted to do something to help NORFED. What is very unusual is that Jason's offer to "make a difference" did not go down some bureaucratic rat hole. Or for those who remember Brave New World by Aldous Huxley, some "memory hole". This is not the case at NORFED. Jason's offer was reviewed, as all offers are, and he optimized the NORFED site, which will certainly bring NORFED to more people's attention. Plus, I have found a real friend who has just been an absolute pleasure to work with. So the message that this Redemption Center of the Month brings is that if you want to make a difference, contact NORFED as it and The Liberty Dollar is the right vehicle. And if you need some assistance with your site, please email Jason at jason@jasonpratt.com. I am sure you will find a real professional that provides great service. Thank you Jason for your assistance. You have already made a difference!

6. Quote of the Month

"My reading of history convinces me that most bad government results from too much government." Thomas Jefferson

7. Ralph Nader down on F*R*

Now before you spend your time reading this article, let me just quote the last line of this press release, "We hope that our panel of experts will be able to unravel some of the myths..." I ask you, is this aging legend asleep or just old? There are not myths, nor does it seem that he knows about the NORFED Solution... Read on as this is just another indicator that the government is after the F*R* too as they mount their totalitarian effort to control everything and of course that MUST also include the money supply. But not the People's money from NORFED. And how about the last four words, "our democratic system of government"? I think this fallen hero is asleep or now much worse...

"The Federal Reserve -- Reality versus Myth."
By Ralph Nader

The Federal Reserve wields enormous power over the national economy. Its decisions have a major impact on every citizen. Jobs, shelter, and the quality of life are greatly affected by what the Federal Reserve decides on monetary policy.

Yet the Federal Reserve is allowed to make its decisions in secret. The transcripts and minutes of the meetings are carefully "sanitized" before they are released. For example, when the Federal Reserve

voted to lend money to Mexico , the Fed's records were carefully redacted to keep the details of the transactions secret.

In a recent article in Barron's Magazine, Dr. Robert Auerbach, who investigated the Federal Reserve as staff economist for the Banking Committee of the House of Representatives, recounts numerous incidents in which Fed minutes were destroyed or heavily edited when the Fed made critical decisions.

Auerbach, other economists, and long-time observers of the Federal Reserve will be gathering at the National Press Club in Washington on Monday to discuss what goes on behind those tightly locked doors at the Federal Reserve.

In sponsoring this conference, it is my hope that we can place a spotlight on this dark corner of our democracy and begin a campaign for a more open process in establishing economic policies that affect the daily lives of working families and well-being of the entire economy.

The kind of secrecy and closed-door government carried out by the Federal Reserve has no place in a democratic system. In addition to exemptions from open government requirements such as the "Sunshine Act," the Federal Reserve does not face the normal checks and balances of the congressional appropriations and budget process. It drafts its own budgets and spends whatever it desires without seeking permission from Congress. It is little wonder that the Federal Reserve feels free to operate as virtually a separate government.

One of the experts who will appear at our conference is William Greider, a long-time journalist, who wrote the book "Secrets of the Temple ," a carefully researched tome which has become a must-read for students of the Federal Reserve.

Keynote speaker for the conference will be James Galbraith, Ph.D at the LBJ School of Government at the University of Texas , who has written and lectured extensively on the Federal Reserve and who is rapidly becoming the nation's most outspoken and best informed critic of the Federal Reserve and monetary policy.

In addition to setting interest rates in carrying out monetary policy, the Federal Reserve has wide-ranging regulatory power for consumer protection over the financial community. It is strange indeed that this power would be exercised by the current chairman of the Federal Reserve, Alan Greenspan, whose past would give little comfort to anyone who, believes in regulatory protections.

Greenspan was an early follower of Ayn Rand, the leader of the Objectivists, an anti-government collective. Greenspan collaborated with Rand in writing "Capitalism: the Unknown Ideal," in which he denounced regulation, particularly consumer protections and anti-trust laws, which he described as "cardinal ingredients of welfare statism."

Later Greenspan became a lobbyist for the financial industry against regulation and represented some of the high flyers-like Charlie Keating of Lincoln Savings, who plundered the savings and loan industry.

So we plan for our conference to take a deep look at how well this former foe of regulation is representing the public in his current position as chief government regulator of banks, big financial services corporations, and the economy.

The conference is titled "The Federal Reserve -- Reality versus Myth." We hope that our panel of experts will be able to unravel some of the myths that have allowed the Federal Reserve to escape accountability for so long to the detriment of the vast number of working Americans and our democratic system of government.

8. Silver article by David Morgan

NORFED is fortunate to have attracted the attention of David Morgan - one of the most astute financial writers on silver. David is also a Redemption Center and a personal friend. For a sample of a long, in-depth article, please check out the Appendix "A". For the complete newsletter and all that you need to know about the current silver situation, I encourage you to subscribe to Silver-Investor.com - a financial commentary focusing on the precious metals, with emphasis on silver. Many thanks to David for his support of NORFED and permission to reprint the December issue. You can contact David at silverguru22@hotmail.com or call: 509.464.1643.

9. To Understand Silver, Watch Gold

Not only is the silver market showing increased activity, the long dormant gold market is showing signs of new life. All too often, Americans watch the price of gold in terms of US dollars, when the real change can be seen much sooner in a foreign currency. Please check out this following link and take note of the mood in Japan , which may be the next targeted country for monetary terrorism. Please consider just how key Japan is to the global monetary house of cards. Japan is not some third world country. It is not Mexico , Thailand , Russia , or Argentina . It is Japan and it could bring down the US dollar and your own finances if you don't take protective measures now.

JAPANESE SWITCH TO GOLD

TOKYO . Nervously taking cash out of banks, they buy gold. LINK:
<http://the.honoluluadvertiser.com/article/2002/Jan/22/bz/bz10a.html>

10. FolderSafe - New way to protect your privacy

Periodically, when a RC is brave enough to run for office or distinguishes him/herself in a significant way, we like to report it. Such is the case with Al Wagner, CPA, RC, NORFED's accountant, and a personal friend. Please take a moment and check out Al's new FolderSafe software. It seems pretty hot!

FolderSafe 1.0 Personal Computer File Security
Preserving Your Right To Data Privacy

The framers of the Constitution never imagined a land where a person's private papers and effects were reduced to abstract computer bits and bytes. They did, however, leave us with an incredible legacy in the written work they left behind. We at FolderSafe Inc. believe that your privacy is being assailed and diminished by information technology on a daily basis. This is why we determined to produce a data security product so strong, that it would be classified as a munition by the U.S. Government. What does that mean to you? Simply, your data is yours once again and can be secured against seizure even from the most powerful government on the planet.

FolderSafe's exclusive random key technology has been deemed so strong, that data committed to it can not, we repeat, can not be defeated. We are so certain of our program's strength, that we are offering \$5000.00 to the person who can open a FolderSafe protected document and disclose its entire contents without the aid of the key, the program, or the key database.

Now, you have the opportunity, for a limited time, to own the most powerful security technology available. You can purchase FolderSafe 1.0 at a discount of \$50.00 off the regular price of \$250.00. FolderSafe 1.0 is yours for \$199.00! Included with this offer is one full year of FREE program upgrades. Also included is a second copy of your key disk, a \$49.00 value, FREE.

To take advantage of the security challenge or to order your copy of FolderSafe 1.0. Please contact Al Wagner at lawesumcpa@comcast.net for more information.

Editor note: You may want to contact Al Wagner for some accounting as it is nice to work with a CPA that you can trust to have your interests as his interests.

11. Senior Economist

As I have said for the last three years, we don't know where the next monetary crisis will be or which country will be targeted, but that it is only a matter of time before there is another crisis. After all, a monetary crisis is not only a creature of the state but it is the statist's number one tool to terrorize their peaceful citizens into a totalitarian state of fear. Of course, we all know that Argentina is the current targeted country. It is only a matter of time until it is our own sacred country that will be targeted by those who operate behind its government. And yes that will be our last and the greatest moment in monetary history because our bastardized dollar is the "reserve" currency for the rest of the world. Lord help those poor souls who dare not be prepared for the coming battle. Please, take precautions now by dumping some (certainly not all!) of your dreaded US dollars for silver. At the time of this writing, silver is back down to under \$4.50 per ounce based on the Commix exchange. One ounce Silver Libertys are less than \$6.00!! in lots of 1000. Prices are slightly higher for smaller quantities. Please consider the world we live in and make provisions for yourself and your family...

So, I bid you "Aloha" as editor of this newsletter, only. I am still the Senior Economist. I am still the one to take the Secret Service inquiries, of which we have had two in the last two months. Next month, Scott Harkness, our new Executive Director will be the Editor. So if you have not welcomed him yet, please

email him at Scott@libertydollar.org with your ideas, suggestions or criticism, as we are not like the US government.

Many, many thanks for all your support. May we now move forward with greater urgency and renewed strengths as Scott brings his years of expertise to bear on the mounting problems of a criminal government which is now openly against the People.

Bernard von NotHaus

Senior Economist / Editor

APPENDIX A:

Silver-Investor.com - A Financial commentary focusing on the precious metals, with emphasis on silver.

December 2001

Quote: "I'm not saying I know what the future holds. I am saying, in studying superconductor and alternative energy for 15 years, it is not surprising my initial hunch, namely, that the best conductor of electricity, silver, would play an important role." Ted Butler.

Silver

Silver in 2001 has behaved as a lost and forgotten investment. Much of the bearish talk has centered upon the industrial uses of silver being substantially less during a recession. Another focus has been on the digital photographic use, meaning less demand from this sector. So what does the future hold? Has silver use peaked out and less will be required in the future?

The Department of Energy with several industry teams are spending over \$100 million dollars to further develop superconductivity. The Department of Energy spokesperson announced " These highly visible partnerships encourage industry to develop equipment for the U. S. electric power system." He went on to state this superconductivity supports the President's National Energy Plan. The estimates currently are 50 million ounces of silver per year will be required by the superconductivity marketplace. Superconductivity power transmission cables may eventually replace conventional transmission cables throughout the continental grid. This is huge news yet unless you are an avid student of the silver market it would be difficult to obtain this information.

The Economy

The stock market is beset with a number of problems, not the least of which are poor earnings and poor business conditions, moreover there is a great deal of nervousness since the bond market has suffered tremendous losses. It is estimated that the bond market has lost one trillion dollars in the past week. This

is because there is an expectation that interest rates will not fall any more, rather will begin to rise. This was due to the elimination of the 30-year bond and rather than stimulate economic growth it would appear that the government has again shot itself in the foot. The money flowing out of bonds would normally be expected to go into the stock market but it has not done so. Probably it is either on the sidelines in money market funds or beginning to move into the gold market. Foreign Central Banks of Russia, China, and the Middle East are adding to their gold reserves and reducing dollar exposure in the current interest rate environment.

The Russians have now have a gold coin as currency, the Chevronet, and are building their gold reserves, not reducing them. The Muslims are beginning to run with a gold coin called the Islamic dinar, while Arabs are loading up on gold via purchases out of Turkey and Switzerland. Meanwhile, the Chinese have been quietly buying physical gold. And come January the Chinese officially open up their gold market to their public. The global risk of a Japanese financial meltdown still exists. Two factors are at work here: an economy that refuses to turn up, and an ailing financial superstructure. Not only are Japan's banks in trouble, but also its insurance companies, retailers, and other parts of the private sector are barely keeping their heads above water.

As indicated many times before it will not take a great deal of money movement away from the dollar to get a big snowball rolling downhill. The Federal Reserve must feel some frustration at this point because the normal Keynesian rules are not working and the bond market is shouting this fact to anyone wise enough to pay attention.

It is easier to forecast short term in this environment, than long term. The bond market is signaling noticeable inflation directly ahead. Most likely we will experience, that old term stagflation. This is where necessary items have very large price increases, food, energy, and most commodities. The unemployment rate remains high, and the overall economy is in a recession. Official statistics will blur the truth, as they do now, since food and energy are not counted in the official inflation numbers. The metals will react to this situation and protect your savings.

I still favor deflation over inflation as the final outcome to the great inflation we have seen over the past thirty years. All inflation's do end, and in only one of two ways, hyperinflation or deflation. Although the money supply increase has gone parabolic (nearly straight up) the money is being used to keep the banks from failing. The money is not hitting the general public. There is a strong possibility that once a major player such as a China, or Japan central bank decides to cash out of U.S. debt instruments and get something else Euro's perhaps, the decline in the dollar will accelerate. The Euro will be the official currency beginning next year and with all the tension in the world the oil rich nations may find another way to put additional pressure on their number one importer U.S. I look for the Euro to be used more as a political instrument than as a currency hedge.

Final Notes:

I truly wish everyone of you the most joyous Holiday Season ever. Money and Investing are important topics and one that I have taken an interest in since I was ten years old. However, the older I get the more I realize that money is only a tool and giving really is more important than getting. Thank you for letting me be of service to you this past year. Our first full year on the world wide web has been successful, our daily hit rate is nearing 1000 hits per day. A good sign that our work is becoming better recognized is the fact that I have been asked to speak in Vancouver B. C. in January 2002 and in Phoenix Arizona, in March 2002. Any mention that you make about our web site or newsletter would be appreciated.

Beginning in January the radio program is scheduled to begin again under a new station manager. I will be discussing the precious metals and energy markets on a weekly basis. Also, a plan is being formed to include a very detailed page on our web site that will outline several mining company stocks. This will take some time to produce since it demands some special software. As far as the book I am writing on silver, I must admit it is going slow. Now that the snow has hit here in Washington I will be chained to my desk even more and should be able to pound the keys and make some real progress. I still recommend that anyone that wants a good book on silver buy the Silver Bonanza book from our web site. I will not be covering the history of silver in my book and the Silver Bonanza does an excellent job. Lastly, for those young people on your Christmas list consider buying them a silver coin of some type. In today's world real value seems to be shunned for the latest fad. Giving a piece of silver is not only giving something of real value it can inspire the imagination.

Lastly the newsletter price will be increased in 2002. The regular mail version will remain at \$88 for U. S. mailings. The email version will be raised to \$ 78 per year.

SUBSCRIPTION INFORMATION: 1 year \$60.00 U.S. Funds for Email, \$88 for regular mail. Make check payable to Stone Investment Group, 21307 Buckeye Lake Lane , Colbert , WA 99005 . Please include name, address, telephone number and email address. We now accept VISA and Mastercard charges on the web site Silver-Investor.com. Payment is either by credit card, personal check, money order or e-gold transfer. Private phone consultations available.

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Phone : (509) 464-1643
E-mail: silverguru22@hotmail.com

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