

LIBERTY DOLLAR NEWS: February 2006 Vol. 8 No. 2

CALL TO ACTION:

Welcome new readers, Associates, Merchants and RCOs! Please welcome the first private labeled Liberty Dollar, the Michigan Liberty Dollar, which is also the first in the State Monetary Initiative. You can look forward to a total of 20 states and two islands including: New York, Washington, Texas, Mississippi, Florida, New Mexico, North Carolina, Indiana, California, Massachusetts, North Dakota, Idaho, Pennsylvania, Colorado, Illinois, Georgia, New Hampshire, Missouri, Maine, Puerto Rico, and Marco Island. If your state is not listed, call a RCO in your state. If there is no RCO in your state, then take the Initiative. Take action! Don't just sit there and lose your purchasing power to the government money! Either change your money or lose it. Please read this whole Newsletter. Be sure to read the French bank report, etc. Lots of good news.

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1. Michigan Liberty Dollar and the Five Stages to Success

I am very pleased to announce that the Michigan Liberty Dollar is now in circulation.

This is the First Stage of a Five Stage Initiative to actually return individual states to using gold and silver money as mandated by the US Constitution.

The State Monetary Initiative (SMI) presents a positive way to evolve our country out of the debt based fiat currency in a peaceful and profitable way. Granted, this Initiative will not happen overnight. Will it take five, ten or twenty years? Nobody knows. But if we never start, we will never return to the values of sound money. So while the Initiative gains support in the individual states, the RCOs will continue to grow and profit with the "unofficial" currency as they organize the movement to return their state to using gold and silver money. The RCO's role will continue by incorporating and acting as the agent for the currency to its state and reap the rewards for taking action now.

Already RCOs in 20 states and 2 islands have signed on to introduce the SMI plan. They are: New York, Michigan, Washington, Texas, Mississippi, Florida, New Mexico, North Carolina, Indiana, California, Massachusetts, North Dakota, Idaho, Pennsylvania, Colorado, Illinois, Georgia, New Hampshire, Missouri, Maine, Puerto Rico, and Marco Island.

The Five Stages to Success are:

1. Introduction of the State Liberty Dollar (Yea, Michigan is first! Go Michigan!)
2. Formation of a statewide organization after all zip codes are assigned to RCOs.
3. Passage of legislation for state to accept State Liberty Dollar 1:1 with FRNs
4. Incorporation of state RCOs as agent to supply the new SLD to state treasury.
5. Passage of legislation for state to distribute State Liberty Dollars and cut taxes.

Congratulations! Michigan has taken the first step and completed Stage One. Now they need to grow the number of RCOs within Michigan so the state is totally covered with RCOs.

Meanwhile, the four Regional Currency Offices in Michigan announced that Michigan Liberty Dollar brings the benefits of the national Liberty Dollar currency – America's second most popular currency – to residents and businesses in Michigan.

The \$20 Michigan Liberty Dollar with one Troy ounce of .999 fine silver, has a face value of \$20, and is designed to circulate in the local economy at 1:1 with the US dollar as the national Liberty Dollar has been used in Michigan for the past several years.

In addition to the circulating medium, a special numismatic First Day of Issue of the Michigan Liberty Dollar is available in three types:

- (1) Numbered & hallmarked proof Edition: \$50ea. (only 250 made)
- (2) Hallmarked proof Edition: \$35 ea. (only 250 made)
- (3) Proof General Edition is \$20 ea. (only 650 made)

If there is not a State Liberty Dollar for your state, that means it is time for you to take action. If you don't, who will? Take action before it is too late and make money, do good, and have fun. Please call the office for more info and plan on coming to Liberty Dollar University 9 in the Washington, DC, area.

2. Bernard to Retire

First, let me confirm a rumor that I have been spreading for the past few months. Yes, I hereby announce my retirement from the Liberty Dollar organization. Second, I plan to retire on or before the 10th anniversary of the Liberty Dollar, October 1, 2008.

One thing I learned when I retired from the Royal Hawaiian Mint some seven years ago, is that it took me five years to actually retire. If I had only known that retirement was going to be so much fun, I would have retired five years earlier! So with that insight, I know that for me to retire on the 10th anniversary, I must seek a successor now.

It will take time to find the right person and grow him/her into my position. Of course, I will still continue to be involved, make appearances, and offer senior advice as the Monetary Architect. But there are still four things I wish to do before I leave the planet. And although none of them are of the same stature as the Liberty Dollar and the promise it holds for our country, they are important life goals to me to complete. Plus, I am getting into my mid-60's and it is time for someone else to take the Liberty Dollar to the next level of prominence.

So for the record, of course the person I am looking for must identify with the Liberty Dollar mission, have a proven record, and have all the writing, marketing, techno, and executive skills that the position warrants and requires. After all, the Liberty Dollar is already a multi-million dollar operation.

So, I encourage you to send in your resume, if you have the experience, management skills for a multi-million dollar company, and the desire to make the Liberty Dollar prevail in competition with the Federal Reserve.

3. “Duped” by Peter Hallock

Last year, Pete Hallock, a fellow RCO, asked me to read a book he had written. Well, of course, time passed and I still had not read it. The book was titled, “Duped,” the cover had a picture of the Federal Reserve, and as Pete is a RCO, I just naturally thought it (yet) another book about the Federal Reserve. After all, what was I to think, but another book on the FXRX? Recently, when I stopped by Pete’s, again he asked if I had read his book. He then gave me another book. Now, I felt duty bound to read his book, still expecting another FXRX book. Well, how wrong I was! Oh yes, the FXRX is in the book, but to my surprise and great enjoyment, “Duped” is a wonderfully written, complicated murder mystery, with great insights into how the FXRX fraud works. The book is so good it should be made into a movie!

“Duped” is available from Xlibris that is a print-on-demand publisher. You can call toll free: 888.795.4274 to order a copy or order online at www.xlibris.com/duped.html.

I strongly encourage you to get a copy of “Duped.” The only down side is that Pete wrote it before he discovered the Liberty Dollar so it does not mention our new currency. But I understand from Pete that the Liberty Dollar will be included in the next edition.

Congratulations Pete! “Duped” is one of my favorite books with the Federal Reserve.

4. French Bank: Remonetization of Gold: Start Hoarding

On Feb. 2, 2006 BusinessWire carried a most interesting article:

Cheuvreux, the equity brokerage house of Credit Agricole, the huge French bank, distributed a 56-page report that completely endorses in detail the findings of the Gold Anti-Trust Action Committee that the price of gold has been surreptitiously suppressed by Western central banks and that those banks do not have the gold they claim to have.

The report, written by Cheuvreux's mining sector analyst in London, Paul Mylchreest, is titled "Remonetization of Gold: Start Hoarding." It repeatedly cites GATA by name and foresees an "unprecedented" rise in the gold price, possibly accompanied by a spike to as much as 2,000 USD.

The report's executive summary says:

"We are raising our mid-cycle gold price estimate to USD 900/oz from USD 750/oz and see the possibility of a spike to USD 2,000, or higher. Covert selling (via central bank lending) has artificially depressed the price for a decade.

"Central banks have 10,000-15,000 tonnes of gold less than their officially reported reserves of 31,000.

This gold has been lent to bullion banks and their counterparties and has already been sold for jewelry, etc. Non-gold producers account for most and may be unable to cover shorts without causing a spike in the gold price.

"There is a supply deficit in the gold market of around 1,300 tonnes per year before any central bank selling and perhaps 700 tonnes per year after 'official' sales but before covert selling. This compares with world gold mine output of only 2,500 tonnes per year. Some central banks, notably Russia, are starting to buy gold.

"Gold acts as an early warning of potential crisis such rising inflationary/deflationary pressures and general confidence in paper currency, especially the U.S. dollar.

A strongly rising gold price could have severe consequences for U.S. monetary policy and the U.S. dollar. History suggests that gold always wins against an inflating paper currency (that is, one subject to excessive supply growth).

"Gold and gold mining stocks are poised for an unprecedented rise in prices and profile. Investors in UK/European equities need to assess the implications for their portfolios. ..."

"No financial house in Europe could be more part of the establishment than Credit Agricole," GATA Chairman Bill Murphy said today, "and now its endorsement of GATA is circulating among other big financial houses in Europe and around the world.

Credit Agricole (established 1860) based in Paris operates in 60 countries through 7,200 branches with some 134,000 employees and reports assets around 1 trillion Euros. I'm not totally certain what that really means, since increasingly my mind relates to payment in precious metal. How much precious metal does one own, either directly or by mining share claims, is becoming the point of relevance, more so than any "created" assets or unbacked paper. Real money resurrects as fiat money dies.

Editor's Note: If you have been looking for an explosion, the fuse has been lit.

5. Greenspan: U.S. had "lost control"

At a business dinner recently, retired Federal Reserve Chairman Alan Greenspan revealed that the central bank is deeply troubled by its inability to control long term interest rates.

At the private meeting Greenspan told attendees that short-term U.S. interest rates might have to rise even further, according to a report from Bloomberg News.

Greenspan led the central bank in raising short term rates dramatically - some 14 times to a rate of 4.5% - the largest aggregate rate increase in two decades.

Greenspan and others claimed the rate rises were implemented to cure inflation. Of course, the real reason is their damn "paper money" has no value.

But Greenspan's private comments suggest the Fed was also concerned about the housing market bubble.

An unidentified participant at the private New York gathering related that Greenspan told an assembly of Lehman Brothers clients that low long-term rates were inhibiting the Fed's attempts to control the economy and that further rate hikes may be necessary as "homeowners are borrowing more against the value of their homes to finance spending."

But the ex-chairman was vague, failing to specify exactly how high rates would go. Ominously, he indicated that the markets were underestimating just how much more tightening the Fed had to do.

His comments were not the first time he has expressed concern about key factors driving the economy, including several remarks he made last September including:

- Greenspan offered a strong warning saying that Wall Street investment firms could prove incapable of handling all the financial risk posed by mortgage giants Fannie Mae and Freddie Mac.
- France's Finance Minister revealed that Greenspan told him the U.S. had "lost control" of its budget deficit.

Finance Minister Thierry Breton quoted Greenspan expressing exasperation at U.S efforts to curb its growing budgetary red ink.

"The United States has lost control of their budget at a time when racking up deficits has been authorized without any control (from Congress)," Breton said.

- In a speech to the National Association for Business Economics in Chicago, Federal Reserve Chairman Alan Greenspan sounded the alarm to American consumers that the long era of low interest rates was coming to an end.

"History cautions that extended periods of low concern about credit risk have invariably been followed by reversal, with an attendant fall in the prices of risky assets," Greenspan said.

In his speech to the NABE, Greenspan reiterated that Americans counting on low rates to refinance homes and buy big-ticket items might soon see a markedly different interest rate environment

- That same week, Greenspan told a banker's group in California that homeowners with considerable debt should be on high alert. Specific borrowers and lenders "could be exposed to significant losses," he told the group.

6. Movie: "America...from Freedom to Fascism"

Aaron Russo, the accomplished Hollywood producer and director has just completed *"America ... from Freedom to Fascism,"* a feature film about the IRS and the Federal Reserve.

Russo's films, which include *"Trading Places"* (starring Eddie Murphy) and *"The Rose"* (starring Bette Midler), have received six academy award nominations. Russo has personally won both an Emmy and a Tony award and his films have also won a number of Golden Globe awards.

Not unlike the showing of Mel Gibson's film *"The Passion"* to congregations across America in advance of its formal release, Russo has offered to present his new film in advance of its premier showing in Cannes, to the congregations of patriots assembled at the upcoming WTP regional conferences.

Please visit We The People web site for more info and showing schedule at: www.GiveMeLiberty.org.

7. "Crooked God" Error Discovered

It is now known that when the new obverse die for the one ounce \$10 Silver Liberty was cut in March 2004 that the motto: TRUST IN GOD was crooked, i.e. it was not parallel with USA. That die or hobs (copies) of that die continued until a new die replaced it in January 2006. So in addition to the “Ungodly” error we now have our second major error: The “Crooked God” error.

This brings the total of types with the 2003 date up to four varieties: (1) Regular issue with straight God motto, (2) Deep dish, (3) Big “E” variety, and (4) First wide rim/shallow obverse with “Crooked God” variety.

To recap, the “Crooked God” die was used on the 2003 \$10 Liberty, 2004 \$20 Liberty, 2005 \$10 Liberty, and some 2005 \$20 Libertys if you are keeping track. There was no 2004 \$10 Liberty issued.

Happy collecting if that’s your bag.

8. Letter / Article to the Editor about LDU9

As we have not received a Letter or Article to the Editor, let me plug the upcoming Liberty Dollar University 9 in the Washington, DC, area.

Serious, with so many of the HOT RCOs retuning from New York and Michigan, LDU9 promises to be one of best, if not the best to date. So if you are an RCO, please come back for the “Reunion” and if you are a new RCO, you are required to attend one LDU in your first year, and if you are an Associate and considering becoming a RCO, this is your best opportunity to find out if a RCO is right for you!

Plus LDU9 begins just before We The People’s conference on Friday, April 21, 2006. So please come for both if your schedule permits.

LDU has quickly become the proving ground for Associates who are considering the RCO Business Plan as much as the training ground for new RCOs.

LDU9 starts on Tuesday, April 18 at 6:00 with a meet/greet and continues all day Wednesday and Thursday and may continue into Friday depending on the WTP schedule.

Please call/email the Office to make your reservation, which is required, so we can prepare the necessary materials. Only \$200 for Associates. No walk-ins, please.

9. Success Story / Incident of the Month

Quick update on the Buczek Incident in Buffalo, New York:

The charge regarding the Liberty Dollar has been dropped! The other two charges have been reduced to a misdemeanor and one new charge has been added. The Buczeks have been to court SIX times and still not entered a plea. The court appears to be a zoo. Our thoughts, prayers, and good wishes go out to the tough Buczeks and their stand for real money. Look for more info as it becomes available.

Success Story to the ALD Forum by Craig Lonquist in Redding, California:

February 7, 2006: I went to Safeway in Anderson, CA, to get Italian sausage. I handed the cashier a ½ ounce \$10 Liberty for my purchase, to which he responded. “Sweet!” He noted the denomination and rung me up. His only question as he made the transaction was, “Where did you get it?” I casually commented that they were minted back East. There was no hesitation as I was handed my change and receipt after my first Liberty Dollar purchase was complete.

Today I went to a Mexican restaurant-watering hole in Redding called ‘Tortilla Flats.’ I sat at the bar, which was later populated by another man and a couple. When I was presented the bill I placed a one-ounce \$20.00 Liberty over it, making an audible clink on the tile counter. “What the hell is that?” was the response. The barkeep was immediately engrossed with examining my money. She asked if it were real. I assured her it was real silver. She said she had to check. The barkeep left with my money in hand to show the restaurant owner, when she returned the barkeep indicated that they were calling the bank to see if it was okay. This sparked the interest of the man sitting next to me; he’d apparently gotten a glimpse of the Liberty and said, “I’ll buy that for \$20.00.” I retrieved my last \$20.00 Liberty and placed it on the bar in front of him and he handed me a \$20.00 FR note, inspecting his shiny prize. He asked me why I was spending silver. He couldn’t get over the idea that someone was spending a precious metal. I assured him that it was because silver IS money. I relayed my experience with Safeway to him and he replied, “Well that’s because they knew what they were getting.” It was about this time that the barkeep was given my change and concluded the transaction. I asked what the bank had said, but she didn’t know. The only thing I knew for sure was that I had a pocket full of paper and no silver.

Experiment over. I’m out of Liberty Dollars. My initial order of \$50.00 lasted three days.

10. Question of the Month

QUESTION: How do merchants report use of ALD on their business tax forms?

ANSWER #1: Jason Pratt who operates the RCO in Austin offers: They should just treat it like cash, is the easiest thing. Lump it right in with the other cash they receive. IRS treats it as barter, but barter is measured by market value of the trade, so it's simplest for everyone if they just record it as money received.

They'll probably need to create a separate account for Liberty Dollars once they begin getting a large amount of them, since they can't deposit them in the bank account. But that's OK— think of your stash of ALD as another bank account that you deposit to and withdraw from, even if in actuality it is just a bag of silver in the safe.

ANSWER #2: Al Wagner who operates the RCO in Southwest Florida offers:

As a CPA and an accountant, I believe the most simplistic way to handle the accounting of Liberty Dollars is to record them at face value in a cash account entitled Liberty Dollars (set that up just like a checking account would be in whatever accounting program the merchant is using). The difference in what they paid for the Liberty and the face value is immediate profit on the books. No harm in that. And in fact, in my humble opinion, gets the merchant to recognize that they just made money by even purchasing the Liberty in the first place. That way, when they give it out, there is no additional accounting required other than counting out the cash drawer at the end of the night. Their bookkeepers or accountants won't know the difference when it's time to prepare tax returns other than the fact that the merchant has two new accounts in the chart of accounts: a new checking account titled Liberty Dollars, and an income account titled Currency Exchange (or some such thing).

11. Liberty Associate of the Month

Recently, when I was offered the opportunity to participate in the first digital Silver Conference to be beamed over the Internet, it seemed impossible. The offer came just as I was departing for a trip out of the country and the Conference was scheduled to be taped the day after my return. And the worst part was the urgent need to have a new Power Point presentation to accompany my presentation. What was

I to do?

Well, I swiftly posted my situation to the RCO group requesting help so I would not miss this opportunity to take the Liberty Dollar to 100,000 more people. I did not know what to expect, but was very pleasantly surprised when I checked my email the next morning. There was an overnight wonder: a brand new Power Point based on my hurried outline that I had also posted. With just enough time before I had to depart, I replied with some edits and left it in the hands of our Liberty Associate of the Month. Upon my return to the good ol' USA, the Power Point was well done and I used it successfully on the Silver Conference. How was that overnight wonder?

I am pleased to acknowledge Tom Weber as the author of the Power Point and the Liberty Associate of the Month. It is great people like Tom and the many other RCOs who are the backbone of the Liberty Dollar organization. I put my faith in the group and I am very pleased and thankful for all their support. For these reasons, I am very pleased to welcome Tom Weber, RCO from Skokie, IL, as the Liberty Associate of the Month.

Thanks, Tom, for your leadership and the timely Power Point presentation.

12. Quote of the Month

"It is well enough that the people of the nation do not understand our banking and monetary system for, if they did, I believe there would be a revolution before tomorrow morning." Henry Ford

Closing Remarks:

Now that we have recovered from the Move Up to the \$20 Silver Base, the margin for Associates is the best it has ever been, and the market seems poised for greater advances that will impact the Liberty Dollar even more, now is the time to introduce the Liberty Dollar to more friends and businesses. Now is the time to protect more of your own purchasing power with the Liberty Dollar. Now is the time for action!

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" will we 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!

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