



THE LIBERTY DOLLAR®

America's Inflation Proof Currency™

Legal Since 1998

RE: Audits from September 2006 to January 2007

The monthly audit is scheduled to be performed within the month following the month to be audited. The terms of the audit call for the audit to be performed at approximately the same time each month following Sunshine Mint's own audit, as they provide the warehouse services. So the Audit is usually performed toward the end of the month following the month to be audited. As the Audit takes some time, and the auditor has other business, the Audit is often not received by the Evansville office until sometime after the first of the following month. Sometimes it is a few weeks after the first of the month.

For example, that means that the Audit for September may not be arrive until mid-November given the US Postal Disservice. In the past, if the Audit did not arrive by the middle of the second following month, the Evansville office would call the Auditor and inquire, only to find that some vacation or emergency had interrupted the usual audit schedule.

Such was the case with the chain of events for the September 2006 Audit. First the US Mint issued its warning on September 13. Then the abrupt departure of Liberty Dollar's new Executive Director compounded the situation. When we had not received the September audit by the first of November we tried to contact the auditor but she was unavailable. While the auditor had been late in the past, she had always performed the audit eventually. And while we were not pleased with the lack of prompt service, we were very reluctant to seek another auditor, as it was very difficult to secure the auditor when the currency was launched in October 1998.

In early December I become involved and called the auditor. Shortly before Christmas, I was shocked to be informed that they had not done the audit, but failed to inform me. I found such non-professionalism to be shocking. By this time Christmas and New Years holidays overshadowed most businesses while the audits were now behind three months and we had to find another auditor. On January 9, we received an email announcing the auditor's "Disengagement".

Plus I was concerned that the original auditor had quit because of the US Mint's warning, and that it may be next to impossible to find another auditor for the position. So I called the "Disengaged" CPA firm and was pleased to learn from the head of the firm that their decision was solely based on having too much business and not having enough staff to handle the audit. He assured me that it was not related to the US Mint warning.

It was not easy to find an auditor. Coeur d'Alene is a small town that had boomed. It only has a few CPA firms and everybody was busy. Plus several key people had left two of the established accounting firms and started their own businesses. None of the firms were accepting new business. And it was especially difficult because tax season was looming on the horizon. And as most CPA business is business taxes, that are due on March 15, I found it next to impossible to secure a CPA firm to do the audits. This situation continued into February when we finally retained Anderson Brothers CPA, a well-established accounting firm, as the new auditor.

My sincere apologies that September, October, November, December and January were not audited. It was not for lack of trying. We tried our very best to have them audited, but after a couple months it was simply impossible. With that said, please note that all the Certificates and the metal have been accounted for from the last audit for August until the February 2007 audit by Anderson Brothers CPA and continue uninterrupted to the present.

Anderson Brothers CPA did not find any irregularities to report and their contract specifies that if they are to discontinue service they must give us a 90-day notice.

Everything is accounted for. The audits are back on schedule. All's well that ends well. But it has been difficult. Thank you for your support during these difficult times.

Bernard von NotHaus
Monetary Architect
February 2007