

## **LIBERTY DOLLAR NEWS: June 2005 Vol. 7 No. 6**

### CALL TO ACTION:

CELEBRATE INDEPENDENCE DAY - the most important day for our country. Welcome new Readers, Associates, Merchants and RCOs! Thanks for joining the party, now please share the Liberty Dollar solution with a friend. It protects your money while it presents a peaceful, positive, and profitable solution to our country's monetary situation. Use the Affiliate Program when you refer people to [www.LibertyDollar.org](http://www.LibertyDollar.org) and get \$100 for every Liberty Associate you sponsor.

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1. Liberty Associate Joe Banister Acquitted!  
Another nail in the IRS coffin.

Joe Banister, Former IRS Criminal Investigator and fellow Liberty Associate was acquitted of all four criminal tax counts! The People won!

As reported by John Turner, himself a former IRS revenue officer:

On June 24, 2005 at approximately 2 p.m. on the 14th floor of the Federal Court Building in Sacramento, California, Joe Banister ([www.freedomabovefortune.com](http://www.freedomabovefortune.com)) supporters got word that the judge had received a note from the jury and quickly moved from the hallway into the courtroom. He announced that the jury had reached a unanimous decision. The verdicts were read by the clerk of the court with Judge William Shubb presiding: "Not Guilty," "Not Guilty," "Not Guilty," "Not Guilty." Carol Delaney, assistant prosecutor in the case, was not in attendance at the verdict. Very telling at that moment was the absence of the many IRS employees that had been in attendance during the trial. In victory, Joe Banister, honorable and unpretentious man that he is, walked over to the government's side and shook the hands of the two IRS CID special agents who had investigated him, as well as the government's lead attorney, Mr. Twiss. Also very telling, Sean Breslin, the special agent in charge, stood looking at Joe with a big smile and tears in his eyes.

Joseph Banister's efforts to get the government to answer his concerns and questions about the income tax included several trips to the nation's capital, where he has often been accompanied by many others who hold similar views, including former IRS revenue agent Sherry Jackson and former IRS revenue officer John Turner. He is a plaintiff in a class-action lawsuit, which has been organized by Robert Schulz, founder of We The People Foundation for Constitutional Education, Inc.

For more information, please visit Joe's site ([www.freedomabovefortune.com](http://www.freedomabovefortune.com)) or We The People at ([www.givemeliberty.org](http://www.givemeliberty.org)).

## 2. Help... new Blog, Linking and Internet Marketing

Are you a savvy internet marketer? Are you familiar with site optimization and advertising on Yahoo, Google and MSN? Now with about 250,000 unique visitors per month, the time has come to jump on our growing site and really explode it! So if you want to make an impact or can share some savvy advise, please reply for this call.

Have you seen our new site? It has a Blog... the only blog on the Federal Reserve. When you find an article that mentions the "Fed" please change that to "Federal Reserve" and send it to Sarah@LibertyDollar.org. Got an opinion? Post it on the blog! Don't like the FXRX or just tired of being ripped off? Post it on the blog!! This is a rallying cry; let's hear how you feel about the FXRX...

IMPORTANT: For us to grow our site and place higher on the Search Engines, we need to have as many reciprocal links as possible. We have quite a few because of the Affiliate Program, but we need a THOUSAND! Please contact us about creating a reciprocal link from your site to the Liberty Dollar site. It will generate more traffic for both of our sites. Please do this now while you are thinking about it... it's IMPORTANT.

## 3. Annual National Tour Update

LDU-6 is first on the list, a big Liberty Dollar rally in Puerto Rico and then on Tour for four months. Are we getting together? I hope so as I am known to "sleep around." So even at this late date, invite me over, as I will be covering most of the United States. Simply call the Office; you may find out that I may be right near you already. The 7th Annual National Tour will leave Miami on July 15 for the Northeast, then over-country to LA, up the coast to Seattle, Annual Audit on September 20th, back to Evansville, down through the South and return to Miami by November 15th... Nice little 25,000-mile drive, full of friends and supporters. Looking forward to seeing you, too, if possible.

## 4. Federal Reserve Warns of Potentially Harmful Events

WASHINGTON -- Federal Reserve Governor Donald Kohn warned that the U.S. current account deficit and surge in house prices may not be sustainable and urged banks to shield themselves against unlikely but potentially harmful events.

"Our economy is in unexplored territory in many respects," he said in remarks prepared for delivery to the Bankers Association for Finance and Trade and the Institute of International Bankers.

"The risk of rapid adjustments and unusual configurations of asset price movements is higher than normal," he said in remarks to be delivered in New York. A copy of the speech was made available in Washington.

Kohn's comments echo stepped-up warnings from Fed officials, including Chairman Alan Greenspan in recent weeks, that a swift rise in U.S. real estate values may not last and may have led to speculative behavior and risky lending practices.

Kohn said low long-term interest rates have fanned the four-year U.S. housing boom, with home buyers rushing to take advantage of historically cheap credit.

But he also said the Fed's focus on keeping inflation low may not always maintain stable prices for some assets.

"Our capabilities are limited; ultimately we are working with only the overnight interest rate and we concentrate on the price level more generally, which may not always be compatible with the stability of the prices of particular assets," he said.

Higher mortgage rates have long been expected to cool off housing markets by raising interest payments for home buyers. However, Fed officials have been at a loss to explain why a series of increases in short-term rates has not yet pushed up long-term interest rates.

Kohn said he believes economic swings have been less dramatic since the early 1980s, adding he expected a pattern of generally favorable economic performance in coming years.

But the U.S. economy is now facing some "unusual imbalances," some of which have been generated by economic strength, he said.

Americans buy more than they produce, and the current account deficit has risen to more than 6 percent of the gross domestic product, Kohn said. Americans save little, and their spending has been spurred by the rapid rise in house prices -- a byproduct of low interest rates, he said.

The growing deficit and climbing home values cannot continue indefinitely, he said. Global investors will eventually seek higher rates of return from dollar assets, and house price gains will slow as they become disproportionate to incomes and rents, he said.

Kohn said he believes there will be an orderly adjustment to more sustainable spending and saving patterns.

But even so, he urged banks to buffer themselves against unusual and possibly extreme developments, known as "tail" events because they are at the edges of the bell-shaped curve that analysts use to chart the likelihood of their occurrence.

"We are in uncharted territory with respect to many aspects of our macroeconomic environment. Prudent risk managers recognize the potential for tail events and prepare for that possibility," Kohn said.

Editor Note: Don't you like it? So the banks are warned of "potentially harmful events". What about the people? As always it is the people who get hurt. Please take action to protect yourself now. Summer is the best time to stock up on some Liberty Dollars.

#### 5. Summer Slows / Summer Lows Return

Well, it is that time of the year again. As we see practically every year, the markets just go sideways or drift down during the summer months. Ditto for the metals market too. And although we had another lack luster year like the past 12 months, it can't happen forever. Just as the government found they could not control (manipulate) the silver market in the early 60's and removed the silver from the US coinage, they can't control the effects of their fiat currency falling in purchasing power and price rise of silver in dollar from raising.

Pick up some extra Silver Liberty Dollars during the Summer Slows... usually the best time during the year for the savvy silver buyer.

#### 6. Jason Hommel Slanders the Liberty Dollar

As Monetary Architect, I wear many hats. I never thought I would be a concerned parent with a belligerent teenager. Enter Jason Hommel, a religious zealot (<http://www.bibleprophecy.org>), and the self-noted silver expert (<http://www.goldismoney.com>). To be fair he has an interesting website and provides some good research on the silver market. But when I met Jason Hommel, he was confused about the difference between Troy weight and Avoirdupois weight. Now he is even more confused

about the Liberty Dollar and has taken to slandering the new currency to anyone who inquires about it from him. Among other things he says: "I hate the Liberty Dollar," "I tell them [anyone who emails him] that it [Liberty Dollar] is overvalued, and a scam," "[that it] intentionally deceive people with the '100% backed' slogan," "God wrote that unjust weights and measures are an abomination. Your 'liberty dollar' is an abomination," "Your dollar is LESS HONEST than the FRNs, because at least the Fed Reserve honestly states that there is nothing backing the dollar." Darn kids! Who needs the government when we have Jason Hommel looking out for us?

Why all this fuss? Because I say the Liberty Dollar is "100% backed" and Hommel doesn't like that and thinks I am lying. Well, I am not lying about the backing of the Liberty Dollar. According to the UCC - Uniform Commercial Code, the governing law for warehouse receipts - it is legal for me to state that the Liberty Dollar is "100% backed" because 100% of what is stated in the Terms on the back of each Certificate is stored in the warehouse. And this amount is certified by an independent CPA auditor that sends a certified Audit Report to NORFED that posts it on our website at <http://www.libertydollar.org/html/audits.asp>. Such has been the case since Day One, October 1, 1998. Almost seven years! Remember: The amount of silver is the backing, not the price of silver.

Unfortunately, Jason refuses to accept the UCC as law. He says that the Liberty Dollar is NOT 100% backed and that I am a liar and a scam because of it. Of course nothing could be further from the truth. To make matters worse, I even offered to drop the "100% backed" but Jason remains an irrational belligerent who refuses to reply, preferring to slander my good name and the Liberty Dollar. And as he has become slanderous, I have taken to this forum to present my point about this unfortunate development, when we should all be working together toward resolving the coming monetary crisis.

Personally I like the "100% backed" phrase because it is a succinct statement that distances the Liberty Dollar from any kind of "fractional reserve" fraud. As I see it Hommel has three choices: 1) Grow up and join a true, honest solution to the monetary situation, 2) Stop the slandering, 3) Continue slandering and face legal action. My hope he is that he chooses #1 as soon as possible because after 31 years, three books, and not one single business complaint, Hommel's act is hard to take. Please note catalog below.

For a thorough explanation of why the Liberty Dollar is "100% backed" please read the Question of the Month below. Then if you don't like your currency being called a fraud, I encourage you to send an email to Mr. Hommel at: [bibleprophecy@yahoo.com](mailto:bibleprophecy@yahoo.com).

## 7. Unusual World Coin Catalog

WOW... I just received the Fourth Edition of the Unusual World Coin catalog. You will like this catalog! It even has the Silver Liberty on the back cover! And although the Liberty Dollar is a currency and not marketed as a numismatic item, it doesn't mean that coin collectors are not interested in our favorite currency. In fact, some of our most ardent supporters, like Jeff Kotchounian and Ron Goodger, are keen collectors and RCOs. Plus I have been involved in the numismatic community for over 30 years. So it should not be any surprise that the Unusual World Coin catalog, edited by my old friend Colin R. Bruce II, would feature the Silver Liberty Dollars.

Listed under the United States as "Silver Currency Coinage," Colin devoted over two full pages to the Liberty Dollar in the new 500+ page tome. And listed under Hawaii is a ten-page summary of my work from the Royal Hawaiian Mint. All five silver denominations - \$1, \$5, \$10, \$20 and \$50 plus the \$500 Gold Liberty - are described and featured with a photo. As a world authority on "non-government world coins," this new catalog should bring more interest and legitimacy to the Liberty Dollar. Please note there is also an ad for the 2005 Silver Liberty on page IX.

The giant 8-1/2x11 inch Catalog retails for \$40 but you can get it for the next 30 days for only \$30 plus S&H by calling the Fulfillment Office at 888.421.6181.

## 8. Liberty Dollar in Wikipedia Encyclopedia

Wikipedia Encyclopedia now lists the Liberty Dollar. Although it is not clear who did it, they did an amazingly good job in catching the currency's main features. Please visit [http://en.wikipedia.org/wiki/Liberty\\_dollar](http://en.wikipedia.org/wiki/Liberty_dollar) and send your friends there too. Another very useful tool along the way toward returning America to value. Just be aware that Wikipedia Encyclopedia is an open source and that anyone can edit it, so it is subject to change or sabotage. Many thanks to the initial unknown author. Hope someone can capitalize the D in the title: Liberty Dollar.

## 9. Incident of the Month

Vijay Govindan, a Liberty Associate from New York City, reports on June 6, 2005:

I would like to describe a situation that occurred when I got a haircut and attempted to pay using Liberty Dollars. I said, "I'd like to pay in silver but if you don't accept it I have the cash available."

The person at the counter asked "What is it?" "It's \$10, one ounce of silver," I said. She said, "I've never seen it before so give me cash." Some other barber came over and put down \$10 for it. So I exchanged the ALD to him and paid for my haircut.

Another employee came over and said, "Oh I'd be interested in getting one also. Do you have any others?" I said, "Yes, I have a few more." I took them out and the cashier was examining them. "Where'd you get them?" I told her I got them from a website. She was like "Oh, okay." Then the person at the cash register calls up someone to take a look at the ALD online.

This person starts questioning me: "Where'd you get them?" he asks. And I tell him that I get them from this website that gets them from a famous mint. "Do you go door to door selling them?" he said. I said "No, I just use them in my normal course of business." "Were you trying to sell this lady one of these (pointing to the Silver Liberty)?" I said "No I was just exchanging it, not selling."

He then takes out a "badge," says he works for Consumer Affairs, and that I can't sell it to her. He says "Don't sell her anything." I said, "I'm not selling anything, and I would be happy to exchange the Silver Liberty for dollars."

This Consumer Affairs "officer" pretending to be a police offer said "Just put them away or I'll put you in jail." So I had no choice but to put them away and did not continue. The gent who first exchanged for the \$10 Silver Liberty, gave me \$10 for another one, we both shrugged our shoulders, talked for a bit, and I left.

My question is: I know this officer is in the wrong. How do I handle a situation like this and prevent something like this from happening again? Up to now I've had no problems using the Liberty Dollar.

Editor's Note: Well done Vijay. You said all the right things and you handled the situation very well. Unfortunately, there is not protection from stupidity. Especially when some "consumer affairs" jerk wants to play "cop." Sounds like you are "making a bit of money, doing good and having fun." Steady as she goes. Thank you for taking the time to report this Incident.

## 10. Question of the Month

QUESTION: Why do we say the Liberty Dollar is 100% backed by gold and silver?

ANSWER: Of course, the quick answer is, because it is. As explained in the Solutions book, Chapter 46, pages 340-343:

The Liberty Dollar is 100% backed by gold and silver. What does that mean? Well, as the paper silver certificates and the digital ALD are legally "warehouse receipts," they are governed by the Uniform Commercial Code (UCC). A warehouse receipt is a contract between a warehouse and another party, individual, or bearer. Although there are many different types of warehouse receipts, the Liberty Dollar is a bearer type. That means the bearer is not required to sign it to pass it to another party. It is the

simplest and most private type of warehouse receipt to use.

The Uniform Commercial Code (UCC) specifies seven elements which must be present to constitute a binding warehouse receipt contract: 1) terms of receipt, 2) date of issue, 3) description of item warehoused, 4) all additional charges or conditions, 5) expiration of receipt, 6) address of warehouse, and 7) signature of the warehouse official.

The UCC regulations also specify that the item being held by the warehouse must be described exactly. On the back of each Liberty Dollar silver certificate, the terms of the warehouse receipt specify the amount of silver, which is described by weight and fineness (purity). There can be no doubts; otherwise it would not be a contract. Because the contract is based on a specific item and not on the value of that item, the Liberty Dollar is 100% backed. The amount of backing has nothing to do with value of the object in the marketplace. It can't.

For example, on the \$10 Silver Certificate, the terms state that ONE TROY OUNCE OF .999 FINE SILVER is being held. The price of silver is not mentioned. There is no need, as it is not part of the contract. You would be cheated if silver went to \$50 per ounce and you only received ONE-TENTH of an ounce. Likewise, it is incorrect to say the silver certificates are only 50% backed when silver is \$5. Why? Because that would mean that the backing changes every day. That is not possible, nor allowed. What you get when you redeem a \$10 silver certificate never changes. You are guaranteed to get one full ounce of silver for every \$10 Liberty Dollars at the \$10 Silver Base - regardless of the price of silver at the time you surrender the warehouse receipt for redemption. Why is this possible? Simple: the silver is put into the warehouse before the certificate is issued. And the warehouse does not just hold 100 or 1,000 bullion bars. No, every ounce that backs up the paper certificates or digital currency is minted into one ounce Silver Libertys - ready to be redeemed upon demand. Just as is required by the UCC.

So as the warehouse receipt is actually backed by a specific weight and fineness of silver as defined in the Terms on the Certificate, it is 100% backed. It is the silver that is returned to the bearer upon surrender of the receipt. The amount of silver is the backing, not the price of silver. Don't confuse the amount of silver with the price of silver, otherwise the warehouse receipt would have a fluctuating backing which is not permitted under the legal definitions for a warehouse receipt as stated in the Uniform Commercial Code.

Furthermore, to provide less than 100% full backing for the warehouse receipt would be blatantly fraudulent as exemplified by the current Federal Reserve Notes, which has transgressed from a fractional reserve currency to a totally fiat, zero-backed currency.

Sorry Mr. Hommel, I will not lie about the currency and I hope you don't either! In fact, I hope you will grow to respect the Liberty Dollar on its merits and support it before it is too late.

#### 11. Liberty Associate of the Month

A Liberty Associate has issued a new national publication that is locally based and features the Liberty Dollar on the back page and on an inside page! Who would jump in and give the new currency such exposure? None other than the Liberty Associate of the Month, Justin Plumlee, in Colorado.

Each issue of the Discerning American Digest (DAD) publication is created specifically for the communities in which it is distributed. Local advertising fees pay for the printing and you can distribute it at a profit. It is designed to work well with the RCO and LCO models. The first 10 pages are devoted to Community Comments and Concerns. This section allows the people within each community the ability to share what they think and feel about what's going on - right and wrong - in America today.

I just received the latest issue of DAD and it looks great. Well done and in full four color printing.

Contact Justin via email at [editor@thedad.net](mailto:editor@thedad.net) and find out how you can be part of a new way to create local attention and support for your local efforts. Congratulations Justin on your fine work and being the Liberty Associate of the Month!

#### 12. Quote of the Month

"The planter, the farmer, the mechanic and the laborer form the great body of the people yet they are in constant danger of losing their fair influence in the Government. The mischief springs from the power which the money interest derives from a paper currency which they are able to control." Andrew Jackson, 7th President of the United States and famous central bank slayer.

#### Closing Remarks:

As the Liberty Dollar nears its 7th Anniversary on October 1, 2005, let's congratulate ourselves on developing such a successful model currency. We have taken the Liberty Dollar further than any other alternate currency in monetary history. Plus we have had a lot of fun doing it!

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!

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