

LIBERTY DOLLAR NEWS: August 2005 Vol. 7 No. 8

CALL TO ACTION:

Welcome new readers, Associates, Merchants and RCOs! Thank you for joining us. Now as we enter the "fall," please take heed. October is the most popular month for monetary problems. There have been more panics and crashes in October than any other month. Now with silver below \$7 per ounce, you have an excellent opportunity to add an extra layer of protection before you lose more purchasing power with the US dollar. Please share the Liberty Dollar with someone in your community every day.

TABLE OF CONTENTS:

1. Special Invitation to New Associates
2. Mr. Greenscam's WMD
3. Summer Lows...But No Summer Slows
4. Current Itinerary of Annual National Tour
5. "Wal-Mart Saturday" Idea
6. LDU7 - October 19 - 22
7. New One Dollar Silver Liberty Die
8. Glossary of Terms
9. Success Story / Incident of the Month
10. Question of the Month
11. Liberty Associate of the Month
12. Quote of the Month

1. Special Invitation to New Associates

Welcome new Liberty Associates to the Liberty Dollar. Thank you for taking a step toward returning our great country to a value based currency. And although it may sound simple to "Get the Liberty Dollar at a discount and use it at a profit," it is sometimes difficult to get started. Luckily there are several avenues to assist you.

For questions and answers, please contact your nearest Regional Currency Office (RCO), which can be found at http://www.libertydollar.org/html/rcosearch_new.asp, or by calling 800.NEW.DOLLAR, the ALD Forum at <http://groups.yahoo.com/group/ALD-forum/>, and the National Fulfillment Office in Evansville, Indiana, at Truth@LibertyDollar.org or 888.421.6181.

Please don't wait to get started to use the Liberty Dollar. Simply "Do the Drop," and offer the Liberty Dollar to your next merchant. Don't be bashful. Most of the time the Liberty Dollar is accepted and it is a thrilling experience. And if it is rejected, such is life, not everybody takes American Express either. Please send your best Success Story to the office for publication.

2. Mr. Greenscam's WMD

By John Pugsley, Chairman of The Sovereign Society

While the media and world fret over the existence or non-existence of Saddam Hussein's weapons of mass destruction, there is an actual, real, and verifiable WMD already in this country. Moreover, those at the top echelons of government know where it is. Hell, they created it.

This WMD is the Debt Bomb. Not only is it a weapon of mass destruction; it's one of mass deception as well.

During the 2000 election, both George W. Bush and Al Gore based their campaigns on the preposterous lie that the federal budget was in surplus, and argued over who had a better program for spending the trillions of dollars that were about to drown the Treasury. Just four years later, the government's official budget figures for fiscal 2004 show a whopping US\$413 billion deficit, and this time around, both Bush and John Kerry blithely promised that, if elected, they would balance the

budget.

Not only is that promise hopeless to fulfill, even the published deficits are lies. Check total federal debt and you'll see it jumped by US\$596 billion for fiscal 2004, almost 50% higher than the official deficit.¹ Hold on, though; that US\$596 billion figure is another lie. Overall government IOUs are rising at triple this rate, or close to \$2 trillion per year. And there's more: a study commissioned by former Treasury Secretary Paul O'Neill concluded in 2003 that there are more than US\$44 trillion in future unfunded IOUs to Medicare, Social Security, federal pensions, etc.² (O'Neill was quietly fired after releasing that study.)

Year after year, the government's financial sleight of hand camouflage massive promises to Social Security and Medicare beneficiaries, as well as government retirees. Washington further distorts estimates through over-optimistic projections of revenues and expenses. If an ordinary taxpayer did what the government does in his own accounts, he would be jailed for tax fraud.

A. Haworth Robertson, Chief Actuary of the U.S. Social Security Administration from 1975 to 1978, blew the whistle in 1992 in his book, *Social Security: What Every Taxpayer Should Know*, and a later book titled *The Big Lie: What Every Baby Boomer Should Know About Social Security*. Of course, no one in Washington paid any attention to his devastating insider insights.

And Robertson's not the only government insider to criticize this chicanery. In 1996, Peter G. Petersen, Chairman of the Federal Reserve Bank of New York, wrote that if federal law required Congress to fund Social Security the way private pensions must be funded, the annual federal deficit would instantly rise by US\$675 billion. Unfunded federal-employee pensions would kick it further to US\$800 billion, and Medicare would take it to \$1 trillion. That was in 1996. Those figures are much higher today.

There is no cure, for curtailing entitlements in a democracy is politically impossible. Voters will always vote themselves greater benefits, especially if they think someone else is paying for them. Profligate spending is the problem, and politicians have found that issuing IOUs is their answer.

Which brings me to Mr. Greenspan's role in constructing this economic weapon of mass destruction and deception. In 1987, when Greenspan became Federal Reserve Chairman of the Fed, federal debt stood at US\$2.3 trillion. In just 17 years, politicians borrowed an additional US\$5 trillion, more than twice as much as had been borrowed in the previous 200 years of U.S. history.

This enormous borrowing would have strangled the credit markets if Greenspan had not come to the rescue by buying more than US\$700 billion of those government-backed IOUs. With strokes on a keyboard at the Fed, US\$700 billion in new reserves appeared in commercial banks. Through the magic multiplier of fractional-reserve banking, these new reserves completely replaced the \$5 trillion the Treasury had borrowed. The Fed "monetized" the government debt.

While I don't know how or when it will end, this sleight of hand can't go on forever. Federal Reserve notes (currency) as well as Treasury bonds, bills and notes payable in money, are all promises of future payment. Interest rates and bond prices appear to be under the control of the central bank. They are not. Rates and prices are set by the value judgments of you, me and millions of other individuals. We decide whether to buy, hold or sell IOUs, or save or spend our cash, based on our confidence in the purchasing power of our dollars.

By endlessly propping up failing debtors, including the government, for 17 years, Greenspan has deluded the public into believing these irredeemable government IOUs are all as good as gold. In so doing, he has engineered the biggest financial bomb in history. When the Debt Bomb explodes, Americans will experience, simultaneously, a catastrophic drop in their purchasing power, the disintegration of Social Security and Medicare, a stock market collapse and the bankruptcy of all but the strongest U.S. banks. The fallout from this bomb will lead to massive business failures, unemployment, price controls and perhaps even foreign exchange restrictions. It will make the Great Depression of the 1930s look like a Sunday School picnic.

History gives ample lessons on how to survive and even profit from the detonation of any debt bomb.

When confidence in money and debt evaporates, people get out of money and into real goods, causing rising prices. When prices rise, interest rates rise. Bond prices fall. CDs, annuities, insurance products, and other fixed income assets lose.

What is the best defense for the individual? First, avoid debt and debt instruments, especially those denominated in U.S. dollars. (There are, however, a few special exceptions, which we'll periodically bring to your attention.) Strongly consider using gold instead of U.S. dollars as your currency. This is easier and more practical than ever, thanks to projects such as James Turk's GoldMoney. Check it out at <http://www.goldmoney.com>.

Second, focus your investments on real assets, not paper ones. Mining, forestry and oil and gas producers will all do well as the debt bomb explodes, particularly as the dollar falls. This brings us to commodities, the raw materials that we consume. Prices of copper, nickel, zinc and uranium have soared in the last 18 months, but I think there are further gains ahead. Last, but far from least, buy gold and silver, the ultimate fallout shelter from the debt bomb.

Finding safety and individual sovereignty in a complex and dangerous world is made immensely more complex and dangerous by weapons of mass destruction and deception created by government. With the flow of ideas from our members and our Council of Experts, The Sovereign Society will continue to seek out safe havens from the Debt Bomb Greenspan and Washington have unleashed upon us all. John Pugsley is Chairman of The Sovereign Society and the author of many books on economics, investing and politics.

3. Summer Lows...But No Summer Slows

On Friday, August 26, silver was an amazing \$6.88. A definite "Summer Low." But summer has been anything but slow for the Liberty Dollar. Due to the loss of purchasing power of the US dollar as exemplified by higher gas prices, etc., the general loss of support for the War in Iraq, an increased awareness of the American population, and an increasing number of Liberty Associates, this summer's activity is up 500% from last summer. WOW! This is very encouraging. Please congratulate yourself on taking a stand for value and your participation in the largest peacetime effort to fundamentally changing our country's monetary system by simply returning the ownership of the money to the people - one dollar at a time.

4. Current Itinerary of Annual National Tour

Originally the ANT was for two months. Then it grew to three months. This 7th ANT is now four months and will exceed 20,000 driving miles. The first six weeks have been terrific! The next ten weeks promises to be just as engaging! I hope to see you. Please review this brief "Current Itinerary" and then contact the office for particulars.

September 1 - Bend OR, September 2 - Portland OR, September 3 - Portland OR, September 4 - Seattle, September 5 - Seattle, September 6 - Seattle, September 7 - Vancouver, September 8 - Vancouver, September 9 - Calgary, September 10 - Vancouver, September 11 - Vancouver, September 12 - Seattle, September 13 - Seattle, September 14 - Seattle, September 15 - Seattle, September 16 - Spokane, September 17 - Spokane, September 18 - Coeur d'Alene, September 19 - Coeur d'Alene, September 20 - Coeur d'Alene, September 21 - Post Falls / Silver Summit, September 22 - Post Falls / Silver Summit, September 23 - Post Falls / Silver Summit. September 24 - Nampa ID, September 25 - Salt Lake City, September 26 - Salt Lake City, September 27 - Salt Lake City, September 28 - Cedar City / St. George, September 29 - Grand Junction, September 30 - Aspen.

October 1 - Denver, October 2 - Denver, October 3 - Kansas City, October 4 - Evansville, October 5 - Evansville, October 6 - Puerto Rico, October 7 - Puerto Rico, October 8 - Puerto Rico, October 9 - Puerto Rico, October 10 - Evansville, October 11 - Evansville, October 12 - Kentucky, October 13 - Kentucky, October 14 - Advocates for Self Government, October 15 - Advocates for Self Government, October 16 - Georgia, October 17 - Georgia, October 18 - Georgia, October 19 - Liberty Dollar

University 7, October 20 - Liberty Dollar University 7, October 21 - Liberty Dollar University 7, October 22 - Liberty Dollar University 7, October 23 - Evansville, October 24 - Evansville, October 25 - Evansville, October 26 - Cincinnati, October 27 - Cincinnati, October 28 - Presentation in Indianapolis, October 29 - Presentation in Indianapolis, October 30 - Evansville, October 31 - Evansville.

November 1 - Evansville, November 2 - Evansville, November 3 - Arkansas, November 4 - Arkansas, November 5 - Texas, November 6 - Texas, November 7 - Texas, November 8 - Mississippi, November 9 - Alabama, November 10 - Georgia, November 11 - Pensacola, November 12 - Clearwater, November 13 - Naples, November 14 - Naples, November 15 - Miami.

Hope to see you this year. Thanks again for your support and hospitality.

5. "Wal-Mart Saturday" Idea

Two things that distinguish the Liberty Dollar from other national organizations are: we like to have fun with our money and when you have an idea, we listen to it.

Such is the case with James Duclos (jduke8@gwi.net). James is just not happy that Wal-Mart does not accept Liberty Dollars and has proposed the "Wal-Mart Saturday" idea. The idea is for all the Liberty Associates to shop at Wal-Mart on Saturday, September 10 and offer to pay with Liberty Dollars and then write to Mr. John Fleming, the C.M.O. of Wal-Mart with their results.

Quite frankly, although I am not sure this will accomplish anything other than more business for Wal-Mart, nor am I a big supporter of getting the biggest box retailer to accept the Liberty Dollar, I am interested in James' "Saturday" idea from a marketing perspective.

So if you find this an interesting "mass action item," as I do, then please shop at Wal-Mart on Saturday, September 10, and then write Mr. Fleming. Be sure to fax a copy of your letter to the Liberty Dollar office (775.218.1847) so we know the number of participants and will be able to judge the results. And be sure to put in the pertinent info as to where, when and how much you spent with Wal-Mart. Good luck and good shopping. We will publish the results in the next newsletter.

Mr. John Fleming
Chief Marketing Officer
Wal-Mart Marketing
702 Southwest 8th Street
Bentonville, AR 72716-0580
Phone 479.273.4839, fax 479.273.8873

6. LDU7 - October 19 - 22

Are you coming to Liberty Dollar University 7 (LDU7) in Ashville on October 19? If you are really interested in the Liberty Dollar or have a keen interest in how you can really profit from the Liberty Dollar, then LDU7 is the place to be! For only \$200 you can find out for yourself if the RCO Business Plan is right for you. And if you become a RCO, the \$200 is credited to your first year's charter fee of \$1000.

Please join LDU7 host Kevin Innes, myself and current RCOs for two full days and a field trip to put your new tools into action - talking to real, prospective Liberty Merchants.

For more info, please call your nearest RCO or the office: 888.421.6181.

7. New One Dollar Silver Liberty Die

To commemorate the 5th Anniversary of the Liberty Dollar, we authorized a Limited Edition of 50,000 One Dollar Silver Libertys. And even though that is an amazingly large number, by the end of last year we had issued 39,100 when the die broke. With orders on hand, we ordered a new die, only to be

delayed, which was compounded by more delays, until some eight months later, we finally have a new reverse die for the One Dollar Silver Liberty. So if you had ordered a \$1 Silver Liberty, you should have received it by now. If not, please contact the Fulfillment Office.

The new die features the new wider rim, so it will be Type II and only 10,900 will be minted, or less if we discontinue the issue. So if you are interested in getting some of these little stunners that are only 11/16 of an inch in diameter, call soon. They are still only \$2 each due to higher silver prices from when they were first issued in 2003. And as the price is over the face value - these are distributed as a "commemorative," not as currency. For only \$2, the One Dollar Silver Liberty Dollar is a steal. And if you like little things, I recommend you get a tube of 50.

8. Glossary of Terms

Please note that several words should not be used to describe the Liberty Dollar, and other words have special legal meanings and significance:

" SILVER CERTIFICATE: A paper warehouse receipt for a specific weight of .999 fine silver issued by a third party that is insured and guaranteed by independent audit. The Silver Certificate is legally a Warehouse Receipt that is a legal binding contract. It is not a security. It is simply title to your property - money that you own.

" SILVER LIBERTY: The round one ounce .999 fine silver item that is deposited into the warehouse prior to the issuance of a Silver Certificate.

" LEGAL TENDER: A currency that lacks the moral requirement of value and that has been declared to be legal by a government. Legal Tender functions to the detriment of the people and the growth of a tyrannical government. The Liberty Dollar should NEVER be described as "Legal Tender," which legalizes the government's theft of our purchasing power via their money. Remember, there are no compulsory measures associated with the Legal Tender laws. Americans are not required to use or accept Legal Tender. Stop being defrauded. Stop using the phony government "money."

" REDEMPTION: The act of surrendering a Silver Certificate warehouse receipt for the Silver Liberty that backs it. Liberty Associates are NOT required to redeem the Silver Certificates for Silver Liberties. If you have a redemption request, please direct the bearer to call the toll free phone number on every Gold and Silver Certificate.

" INVESTMENT: This "I-word" is never used because the Liberty Dollar is not an investment. It pays no interest, no return, nor promises any appreciation. Any profit you may enjoy is the direct result of your property (money that you own) appreciating in the marketplace or your own usage of the Liberty Dollar at face value as an independent Liberty Associate.

" INFLATION: The government's thief of your purchasing power by creating more currency and thereby diluting the purchasing power of the current money supply. As the Liberty Dollar is 100% backed by gold and silver, its purchasing power will increase as its underlying commodity increases in value. The Liberty Dollar is an "inflation proof" currency that brings direct competition to this legalized theft.

" COIN: Is something issued by a government. The one ounce Silver Liberty should never be referred to as a coin. Simply call it by its proper name, "Silver Liberty." Please refrain from calling a Gold or Silver Liberty a coin.

" BILL: Is a debt instrument. The Silver Certificate currency should not be called a Bill because it is value backed, not generated by debt creation.

" SELL: The Liberty Dollar is not "sold." It is "exchanged" for those dreaded Federal Reserve Notes, and as such, a currency exchange is not subject to sales tax.

" NOTE: Is the same as a Bill, a debt instrument. The ALD is not a note.

" BANK: The Liberty Dollar or NORFED is not a bank, nor associated with any governmental agency. The Liberty Dollar is a private currency - of, by and for The People. It cannot be used to pay taxes nor is it intended to evade any lawful tax.

Other words that you will undoubtedly encounter when researching the Liberty Dollar are:

" LIBERTY ASSOCIATE: Is any person, entity or organization that has joined the Liberty Dollar organization for \$250 and uses the Liberty Dollar.

" REGIONAL CURRENCY OFFICE: Is any person, entity, or organization, who wants to do more than a Liberty Associate and has been approved and chartered with a specific region that they can develop with a specific business plan to make more money.

" LOCAL CURRENCY OFFICE: Is person who operates a portion of a RCO's region that has been defined and contracted for the LCO to develop for his own advantage.

" AFFILIATE: There are no "affiliates" in the Liberty Dollar organization. There is an Affiliate Program that all Associates can use to link their sites and emails to the Liberty Dollar web site and receive \$100 for every person sponsored via the Affiliate Program.

Please keep this Glossary of Terms in mind when you discuss the Liberty Dollar.

9. Success Story / Incident of the Month

With the scarcity of Incidences, which is good, and the steady flood of Success Stories, which is even better, Liberty Dollar News will now feature a Success Story whenever there is no Incident to report. PLEASE NOTE: LD News now pays a \$10 Silver Liberty for every Success Story that is used in this monthly newsletter. So please send in your best story and hopefully it will be printed.

As you may recall, in the June issue of LDN, Vijay Govindan, a Liberty Associate from New York City, reported that on June 6, 2005, he had a nasty incident with an off-duty Consumer Affairs "officer" pretending to be a police officer. Well, that didn't stop this dedicated Associate and his wife who want to use the value backed Liberty Dollar.

So our first Success Story is by Vijay Govindan who writes:

Mr. von NotHaus and the rest of the hard working Liberty Dollar Staff,

After June's incident I wanted to report a success story this time around. Actually a few. After I received my last batch of Liberty Dollars I used them over a three week period in the following places:

Sbarro's in a mall - one silver Liberty Dollar

Taco Bell in the same mall - one silver Liberty Dollar - The cashiers were placing dibs on who would get it at the end of the day

Nestle Tollhouse in the same mall - one silver Liberty Dollar - The people working here were in awe of the beauty of the Liberty Dollar.

Then a cousin and myself went to Great Adventure in NJ. Here we used it at the following places:

Dipping Dots stand - one Silver Liberty Dollar - The employee looked at it for a while, then asked two others to look at it a while later. They had taken it outside and in the bright sun we could see the LD glimmering from over 20 feet away as we ate our ice cream. No problems.

Nathan's - one Silver Liberty Dollar - the cashier asked the manager who said sure.

Finally to cap off this week I went back to the same mall.

Another Sbarro's - one Silver Liberty Dollar - quite amazed at the Liberty Dollar. The manager pocketed it for himself.

Carlton Cards - one Silver Liberty Dollar - asked her boss about the LD then kept it for herself.

By my count I have used LD's with 31 different places/people in a span of 7 months, quite a few of them repeatedly. I plan to purchase more LDs in the future as a form of savings from inflation and become an RCO in the near future.

Thank you Bernard! It is a testament to the system that you and others have built that gives us the platform for success! The Indian population, which is quite substantive, has been very receptive to the ALD. I have even convinced my mother and father that using ALDs is beneficial to our finances, as we save an average of 7% on every item. This is much better than the credit card that gives me 1% back! Each time I use an ALD I feel a surge of pride on introducing someone new to the ALD, a source of real money that will maintain its value, and brings joy and happiness when they see it for the first time. Some places just accept it, no questions.

Sincerely yours and warmest regards,

Vijay Govindan

Editor's note: And thank you Vijay for the wonderful report after your incident. Great to see you were not deterred by one person's ignorance. Wishing you all the best with the Liberty Dollar.

10. Question of the Month

QUESTION: Why does the Liberty Dollar have a face value on it? Can't we just use an ounce of silver?

ANSWER: Look in the shopping center; everything has a price. If it didn't, you wouldn't know what it cost and you may not buy it. In marketplaces without prices, you have to negotiate the price. This works if you have time. But it does not work in contemporary first world situations or fine dining restaurants. It is a little difficult with hotel reservations and any non-auction web sites. The bottom line is that the Liberty Dollar would not function in the shopping center or the marketplace without a face value. And, yes, while you can still use an ounce of silver, that is a barter transaction. That takes time and you must reach an agreement as to the value of that ounce of silver. Barter is not only time consuming and difficult, you have no guarantee that you will be successful. One of the most significant developments of the Liberty Dollar has been its acceptance in the marketplace as it has monetarized an ounce of silver - a high weight to value item - from a piece of bullion to a currency with a face value of \$10.

11. Liberty Associate of the Month

Jim Davidson is the Liberty Associate of the Month. Why? Well, if you know Jim, you would know that there are not many more people who know their way around the alternate money world like Jim. For years Jim has been "in the know" as the digital currency world like e-gold, GoldMoney and e-bullion have evolved. Jim was an early supporter of the Liberty Dollar and has been a valuable assistance in helping to establish the Liberty Dollar in the alternate currency marketplace. You can learn more about Jim's work from his Indomitus Report at <http://indomitus.net/>, which is a subscription service that does not accept advertisements. Jim has also been hard at work on a book which should be out soon. Congratulations and thanks for your support and assistance to our Liberty Associate of the Month, Jim Davidson.

12. Quote of the Month

"Nearly all men can stand adversity, but if you want to test a man's character, give him power."
Abraham Lincoln

Closing Remarks:

The 7th Anniversary for the Liberty Dollar is this October 1st. There are amazing things in the works for the currency owned by the people. Let's congratulate ourselves on developing such a successful

model currency and plan for the future. 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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