

1. Better Late than Never with the March Newsletter

Through a series of improbable technical difficulties even a hardcore computer geek could never explain in English, the March NORFED Newsletter is being delivered to you in early April. Let's just say we're sorry about the delay, and hope you'll agree it's better to get it late than never, and we were apparently on the brink of some mysterious "black hole" outcome that we somehow managed to avoid – and the proof is that you are reading this now.

2. Why I Use The Liberty Dollar, By Jason Pratt

NORFED's answer to Thomas Paine, Austin, Texas RC Jason Pratt has struck again. This time, he's penned the most eloquent, inspirational and persuasive story entitled simply, "Why I Use The Liberty Dollar." See for yourself...

Why I Use The Liberty Dollar

Jason Pratt

My wife thinks I'm nuts. Oh sure, she carries a one ounce \$10 Silver Liberty in her wallet, but I think she's just doing it to humor me. I've never seen her try to spend it.

My father-in-law wonders if I'm a criminal. I gave him the whole pitch, explained the whole currency system to him, and still he says he's waiting for the Secret Service to call him to serve as my character witness.

But that's OK. I take it in stride. I'm not going to stop using The Liberty Dollar. I'm just having too much fun.

I spend it everywhere I go. I never get tired of plunking a \$10 Silver Liberty down on the counter or into a merchant's hand and watching the reaction. Sure, I get a twinge of the all-too-human fear of rejection at the moment of truth, and yet I go on.

Sometimes the money gets rejected, and I just shrug and pull out a credit card or Federal Reserve Notes. But about nine times out of ten, it gets accepted. Sometimes it gets better: I make that person's day. I've given them something valuable, something shiny, and something new to look at. I've broken up the monotony of making change all day long. And, hopefully, I've given them a quick education on the true nature of money. Maybe they even have some fun with it.

It feels great to use The Liberty Dollar. I enjoy the tiny thrill, the realization that I'm doing good for the country, and the assurance that it's legal and moral.

The Liberty Dollar is issued by NORFED (www.libertydollar.org) and distributed into the economy by people like me, who sign up as Redemption Centers to get the currency at a discount, perform or coordinate redemption to silver for local merchants and individuals, and so on.

The Liberty Dollar itself is silver-backed, meaning every \$1 certificate (actually a warehouse receipt) is backed by 1/10 ounce of pure silver that resides in a warehouse in Idaho. You can send the certificates in to NORFED or give them to a Redemption Center and get silver in exchange for them. In other words, it's honest money. The kind that the Secret Service doesn't worry about.

NORFED stands for the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code. NORFED's goal is to use The Liberty Dollar to educate enough people about the true nature of money that the Federal Reserve and its accompanying Internal Revenue Code can be repealed. The Liberty Dollar is a peaceful petition and an educational tool for those who want sound money and a return to a debt-free economy.

But why should you use it? Why should you open your wallet right now, take out all the Federal Reserve Notes, count them up, and send them to a Redemption Center to exchange for Liberty Dollars? Besides the obvious reason, which is that The Liberty Dollar is sound money while our Federal Reserve Notes are just debt, these are the reasons I would give you:

- It's fun. You'll have shopkeepers asking lots of questions, friends gathering around to see the currency, and you can become an expert on money. All by getting involved with and learning about The Liberty Dollar. As Dr. Seuss wrote so many years ago in *The Cat In The Hat*, "It's fun to have fun, but you have to know how."
- It's profitable. You can actually earn money (just like the banks do) by putting The Liberty Dollar into circulation.
- The Liberty Dollar is private, free-market money that is devoid of manipulation, inflation, and debt. It's a currency of the people, for the people, and by the people. It's a sound, honest money that is voluntary, and everyone should feel positive about that.
- It does not cause our national debt to go up when you use it. In contrast, every Federal Reserve Note that is created adds to our national debt.
- It unites people: liberals, conservatives, minorities, libertarians, and even Greens are enthusiastic about The Liberty Dollar. (In fact, about the only people who don't like it are bankers.) Anything with appeal that broad must be good.
- It helps local economies thrive and prosper. Liberty Dollars spent in your community tend to stay in your community, because the big banks often won't take them. In contrast, Federal Reserve Notes tend to get sucked out of your community by banks or big box retailers. Ever wonder why currency traders in New York City have such high incomes?
- It is backed by real silver, so not only can you redeem it for silver, you know that its quantity is limited, and therefore it's inflation-proof. It's even designed so that when the price of silver goes up, the value of the currency is adjusted accordingly. If you want the specifics, go to

www.libertydollar.org and read about what happens to The Liberty Dollar when silver goes over \$10 per ounce.

- It is fair. An explicit contract printed on every certificate tells you exactly what you're getting when you hold the currency. That's what we should expect from Federal Reserve Notes, but we aren't getting it.
- It helps educate people about money, a topic that most people have a very loose grasp on. The facts about money are simple, but they have somehow become complex over the years as we moved away from the basics. If the goal of the "paper economy" is to confuse the average person to facilitate robbing him blind, it's succeeding wildly.

Those are the reasons I give people for using The Liberty Dollar. Is it perfect? No. The perfect currency would be measured only by weight (like the Krugerrand or the Mexican Libertad), and would not have a legal tender value printed or stamped onto it. And the perfect currency would have a perfect banking system to accept and store it. (Right now, those of us who use The Liberty Dollar have to keep it in circulation and pretty much out of the banks, a minor inconvenience that will be rectified as soon as enough people start using the currency.)

But today, right now, The Liberty Dollar works 1-for-1 alongside Federal Reserve Notes, so they are easier for people to use and accept than a weight-based currency would be. Start using and accepting The Liberty Dollar, it is fun.

If you are not using The Liberty Dollar now, you are not doing everything you could be doing to put the world back on track to an honest money system. You're not doing your best to help the price of silver. And you're missing out on the profits others are getting for circulating real silver into the economy. And of course, because you're not using The Liberty Dollar, you're not having as much fun as I am.

(Jason Pratt operates the Austin Silver Center RC (www.austinsilver.com). He can be reached via e-mail at jason@austinsilver.com. Jason lives with his wife and daughter in Austin, TX, and is the Libertarian Party candidate for Travis County Judge in 2002.)

3. Bragging Rights Will Win a Silver Liberty

The recent rapid rise in the distribution of ALDs means that somebody somewhere is doing something superb. We are seeing the results, and we'd like to hear the stories behind the successes. We're now ready to sweeten the pot with a reward of a Silver Liberty to the best story we get.

Please, please, please send us your success stories! We're especially interested in how you sign up new RCs, LMs and Supporters. And we're always excited to hear about your success in getting more people and places to exchange their dreaded FRNs for ALDs.

To enter the contest, send your story in an email to michelle@libertydollar.org with Success Story in the Subject line. The deadline for Success, appropriately, is April 15th. Good luck to all!

4. The “What If” Story of The Liberty Dollar

I couldn't sleep last Saturday night, so I started playing games... “What If” games. It started out pleasant enough. I tried to imagine what if I was a store owner in some city, and some Liberty Dollar evangelist came in and tried to sign me up as a Liberty Merchant and a Redemption Center .

What if, I thought, this guy was extremely persuasive, and what if I wound up getting 1,000 Silver Libertys for about \$6.00 each. And what if I did it for five months – that's 5,000 ounces of silver!

My Lord, I thought, I'd have enough silver to make my own ingot!

But, of course, I wouldn't get the second thousand Silver Libertys until I was about out of the first thousand. So what if I'm handing out 1,000 Silver Libertys a month as change in place of a plain ten dollar bill to people who come into my store and buy something.

This is shaping up to look a lot like Shangri-La! I'm making \$4,000 EXTRA profit a month. So what if I kept doing it for five months? That's \$20,000 going right into my pocket (I may need to get bigger pockets)! I'm in fat city, aren't I?

But then, my daydreams turned into a nightmare. What if, I thought, the worst thing that could possibly happen actually happens? What if all those Silver Libertys come back to me? And what if no one will take them as change anymore? These two assumptions are absurd, but remember, I'm having a nightmare, so go along with it.

Suddenly, I began to think about Argentina , and I could picture the panic-stricken faces of crowds of people holding pesos that no one wants because they're not worth anything.

So by now, I've worked myself into a sweat because playing a pleasant game of “what if” started out great and it seemed to end in disaster.

Or did it?

What would happen if The Liberty Dollar collapsed as a currency? Would I suddenly find myself in Argentina ? If I had to take back all those Silver Libertys and lost \$5.50 on each one (because the bullion value of silver is \$4.50), would I lose my shirt and wish I had never heard of “silver-backed currency?”

I had to whip out my calculator and crunch the numbers, right then and there, otherwise I would never get to sleep.

I was stunned – and relieved – by what I found. Here’s how the numbers work out:

I started with 5,000 Silver Libertys and made four columns in my “Worst Case Scenario” Table:

Worst Case Scenario for 5,000 Silver Libertys			
5,000 SLs	Expense	Revenue	Net
Out (@ +\$4.00 ea)	\$30,000	\$50,000	\$20,000
In (@ -\$5.50 ea)	\$27,500	\$0	\$27,500
Meltdown (@ +\$4.50)	\$0	\$22,500	\$22,500
Total	\$ 57,500	\$ 72,500	\$ 15,000

Let’s see what all these numbers mean. I started by shelling out \$30,000 for 5,000 Silver Libertys, and after the currency suffered a total collapse, I came out \$15,000 ahead! And that’s without factoring in any profit margin on the sales I made in getting the Silver Libertys back. But let’s assume the worst, that I was selling stuff at no profit.

The reason I could come out ahead was that all those Silver Libertys I had to take back were NOT worthless. I could salvage them for the silver, and because of that, I MADE MONEY!

Well, what if those 5,000 Silver Libertys circulated five times before the currency crashed? Fine. All it means is that I exchanged 5,000 silver Libertys at \$10 face value five times over and collected my usual profit margin five times over, and then I wound up in same place as before: \$15,000 ahead of where I started (plus my standard profit margin).

OK, so now that I know that the worst that can happen is that I make \$15,000, let’s add back a dose of reality. The truth is when I take back the Silver Libertys, I’ll be making my standard profit of 20% to 40% on those sales. Let’s say my average profit margin is 30% and my average sale is \$25. If I had sales where I took back 5,000 Silver Libertys, I’d be making \$37,500 in profit on those sales, which I might not have had except that people wanted to come back because they could spend their Silver

Libertys for \$10.

Of course, I can't forget about Step One, getting the 5,000 Silver Libertys into circulation in the first place. If I did this, I would have had to have made another \$37,500. So let's see, that's \$37,500 profit getting the Silver Libertys out and another \$37,500 taking them back. That's \$75,000 I really should add to the \$15,000 I already locked up... a total of \$90,000!

\$90,000!! Now that's more like it. And then there's the possibility that the price of silver might (is bound to) go up, in which case I come out with even more!

The thing that makes all these "what ifs" work is the silver behind the currency. And I can tell you that it's a lot easier to fall asleep after a torrid bout of "what ifs" when you know you're going to wake up in Shangri-La and not Argentina .

5. ALD Major Attraction at PA Libertarian Convention

The Liberty Dollar was a huge success during the 2002 Pennsylvania Libertarian Party Convention, which was held March 22nd through the 24th, in King of Prussia , Pennsylvania . Over 100 people attended the event.

Independence Redemption, a NORFED Redemption Center operated by Ken Evans, set up an exhibition of NORFED information along with American Liberty Currency in all denominations, including the PROOF Gold set. The display also included an oversized version of the \$10 American Liberty Dollar and was the first thing one saw upon entering the exhibition hall.

Aside from learning more about the dangers of fiat money and the safety of currency backed by gold and silver, convention attendees were able to exchange their dreaded FRNs for the beautifully designed ALDs and Silver Libertys. Many did just that, and several hundred more Liberty Dollars is now in circulation.

"Both the Certificates and the Silver Liberties were quite an attraction," says Evans, the former Vice-Chair of the LPPa, "In fact, I actually ran out of \$1 Certificates and the Silver Libertys. It's apparent that a freedom minded group of people, such as these, more completely understand the necessity of returning our monetary system to one which is based on intrinsic value as opposed to the inflation/debt based system under which we currently operate."

Shawn House, proprietor of Hempzel Pretzels was so taken with The Liberty Dollar that he decided to become an American Liberty Merchant and now accepts ALD for his retail purchases. Hempzel Pretzels can be viewed on the internet at <http://www.hempzels.com/> . In addition, Independence Redemption was able to sponsor at least one, maybe more, new Redemption Centers.

"Signing up new Redemption Centers is what it's all about," said Evans. "That's how we can take back our currency and make money at the same time."

Evans also donated several dozen \$1 ALD Certificates to be presented as an award to each member of the party that ran for elected office in the previous year. Each candidate accepted the ALD during a Candidates Appreciation Forum held the first night of the convention. "The Liberty Dollar was one of the highlights of the convention," Evans said.

6. Calling All Libertarians!

Based on the experience of Ken Evans and several other Redemption Centers, NORFED is seeking to build a stronger alliance with The Libertarian Party. If you are an active member of the LP, we'd like to hear from you.

Send a quick email to Michelle in the home office (michelle@libertydollar.org) with Libertarian in the Subject field, or just "LP." Briefly describe your status and level of participation in the LP. NORFED would like to mobilize supporters of a common cause and coordinate their efforts to achieve greater mutual benefit.

7. Silver in 2002 by Dave Morgan, Silver-Investor.com

Mr. David Morgan, the guru behind silver-investor.com, gives us his take on the silver markets in 2002. He hosts a weekly precious metals wrap-up on internet radio every Saturday. Mr. Morgan was published in the global investor regarding ten rules of silver investing. He publishes a monthly email newsletter for \$78 per year with specific recommendations to prosper during the coming bull market in the precious metals. For details, go to www.silver-investor.com.

Mr. Morgan has been published in the Herald-Tribune, Gold Newsletter, Resource Consultants, Contact, Newsgurus Magazine, Common Ground, and The Idaho Observer. His work has appeared on the internet at Silver-Investor.com, 321gold, LeMetropleCafe, Goldseek.com, Gold-Eagle.com, and Silicon Investor.

He has been interviewed on Don McAlvany's radio talk show, Financial Sense News hour, Hard Money Watch, Truth Radio and appeared on television.

Silver in 2002

One of my most basic ideas has remained consistent throughout all of my published material. This concept is that for the silver market to move substantially higher in US dollar terms (silver is higher in many world currencies) the physical silver supply would need to reach critically low levels. This one

fact is vindicated by the market itself on a continual basis. What this means is; the futures market controls the price and will until it ends. When this situation ends, the physical silver demand will dictate the price and not the other way around.

For this year, silver should penetrate the five dollar resistance level a few times and finally hold. I fully expect silver to trade above five dollars per ounce this year. The chart pattern shows a reverse head and shoulders and based upon the neckline being penetrated \$5.50 silver would be reasonable.

The year 2002 will be a year with much more volatility in the metals market, and silver is historically more volatile than gold. Expectations are for more strength and more interest by investors, but mostly a strong base building year ahead.

There is one caveat however, if there is a financial debacle sufficient enough to create mass fear in the markets then both silver and gold could start their move at any time. Currently the Japan situation bears watching, it would not take a great deal of Japanese savers to move into gold during the next three weeks to move gold above \$300 U.S.

The market has given very good clues so far as to the path of least resistance. For example after the 911 tragedy the silver market moved 11% UP in short order. The market did move back down but what happened was a massive amount of selling took place by the Commercial Traders. Keep in mind that nearly 200 Million (paper) ounces were sold in order to bring the market DOWN. Previously, there was a rumor of Pasmaico an Australian miner covering a 20 Million ounce short position and the silver market advanced 7% UP in one day! This is noteworthy, nearly ten times as much 'selling' was required than 'buying'... something to think about.

Based upon the world's best silver studies, the approximate silver bullion inventory is between 300 and 500 Million ounces. Taking the higher number 500 Million, and looking at the average rate of usage over the past decade of 10 million ounces per month, it becomes a simple math problem to project that silver will be in very short supply in fifty months. The day of reckoning is much sooner however, due to the fact that Mr. Buffett holds nearly 130 million ounces (13 months supply), the Comex has perhaps 40% in long term investors hands (4 months supply), and many that still hold silver are not willing to sell anytime soon.

An extreme silver bull could argue that the silver squeeze could start sooner if in fact only 300M ounces total is available at the start of 2002. Thirty months less 17 months, would indicate that by mid 2003 silver supplies would be tight enough for the market to react by bidding the price higher.

This year started with a Bang because silver lease rates shot up to nearly 30% in January, this is clear evidence that real silver was being demanded and the price being paid was spot plus 30% on an annual basis. This implies with silver near \$4.70 at the time, plus the thirty percent premium that silver a year from now in the spot market would be 1.3×4.70 or just over six dollars per ounce. Although the math is correct, the conclusion is not. The reason is that at that moment in time enough silver was "leased" to satisfy the immediate demand. How much, perhaps one to two million ounces. So, to be accurate perhaps two million ounces were worth six dollars per ounce and not the remaining amount. However, integrate this into your thinking, because it will provide clues to the options and futures market bearing incredible stress and the condition continues.

Finally, the most important point that seems to never be mentioned in any major financial press is the true size of the silver market. According to the U.S. Treasury department the U.S. still holds approximately 265 million ounces of gold. This is roughly one ounce per person in the United States. The amount of silver held is for all practical purposes zero. Yes, there is a little perhaps 6 million ounces as this is written but it is a not so well known fact that the Mint will have to go into the open market and buy silver to continue the silver eagle program, most likely this year.

Anyone familiar with my work knows that silver is money and has served as money for longer periods of time than gold. This fact can be argued, and silver is often referred to as an industrial commodity. Silver truly is both, but that is not the point I wish to make here. Gold does not really enjoy this good fortune. The point is again to give some idea of how silver is a small market. The total M1 money supply is 1181 billion dollars. The total world silver bullion supply is maybe 5 billion dollars. The supply of near cash is over 235 times larger than “true cash”.

It has been asked many times if the supply and demand fundamentals are as stated then why is it so easy to buy all the silver I want at today's price? This is a fair question and deserves an answer.

One of the best analogies is that of the sand filled hour glass. When the hour glass is first turned over one hour of sand is at the top and nothing is in the bottom, but as the minutes tick by the sand keeps flowing. Now, if we only focus upon the amount of sand passing through the neck, we have no idea of how much time remains only the flow of sand (demand) is being satisfied. In fact the flow rate (demand 10M ounces per month) continues until that last grain of sand falls to the bottom and then there is no more sand in storage. This is essentially the silver situation, the flow rate or demand has been satisfied and will be for some time, but those with the ability to look at the whole picture see that time is getting short.

March 11, 2002

8. Calling All Liberty Merchants!

While we're making calls to action, we should mention that we're deep into putting together the first ever Liberty Yellow Pages, and the first listing is free for all Redemption Centers and Liberty Merchants – if we know who you are.

To make sure we know about all the Liberty Merchants who are accepting Liberty Dollars, please send us an email with a short description of your business, along with the name, address, phone, email, web site and other contact information you wish to appear in the listing. Send your email to edward@libertydollar.org, this time with “Yellow Pages” in the Subject field.

Rob Del Genio

Executive Director/Editor

NORFED

rob@libertydollar.org