

## Chapter 48

### What Happens with Silver Over \$10?

*What happens to the Liberty Dollar when silver goes over \$10 per ounce?*

So you think the price of silver is headed higher? You are definitely not alone. With all due respect to the current disinflation or the possibility of deflation, silver is experiencing falling supply and increasing demand, new technological developments, successful monetary reform and the effect of fiat government money in the world that must be resolved. It would seem that a higher price for silver is inevitable.

On all Liberty Dollar silver certificates, it states “\$10 Silver Base” in the lower left hand corner. What does that mean? And what happens to the Liberty Dollar when silver costs more than \$10 per ounce?

Currently (July 2003) silver is quoted at approximately \$5 per ounce and all paper silver certificates and digital Liberty Dollars are identified with “**\$10 Silver Base.**” This simply means that every ten Liberty Dollars in paper or digital form is backed by one ounce of .999 fine silver. This unique feature was created to make the currency market sensitive. Obviously with silver at \$5 per ounce, it is possible to purchase an ounce of silver on the open market and exchange it at \$8 to \$10 and cover the manufacturing and overhead expenses. But as the silver price rises, it would be impossible to buy silver at \$15 per ounce and issue a \$10 Silver Certificate backed by an ounce of silver.

So when the price of silver rises over \$10 per ounce<sup>†</sup> NORFED will issue a new warehouse receipt with a face value of \$20, that will be identified with “**\$20 Silver Base**”. The new \$20 certificate will be backed by one ounce of .999 silver, a new \$10 certificate will be issued and backed by 1/2 oz., a \$5 certificate backed by 1/4 oz. and a \$1 backed by 1/20 ounce of silver. That’s what makes the currency market sensitive and respond, as the U.S. dollar is depreciated by the government’s fiat printing presses.

Just as the “**\$10 Silver Base**” is prominently displayed inside the eye catching hologram in the lower left-hand corner of every certificate, the new \$20 base certificates will be identification with a new “**\$20 Silver Base**” in the same way. This was deliberately designed with this high security feature to draw the bearer’s attention, so he would be aware of the silver content of the currency he was holding.

As you would be a fool to use a \$10 certificate when you could get a \$20 certificate, inevitably, the next question is: “What can I do with the old \$10 certificates?” Since an ounce of silver backing the **\$10 Silver Base** is equal to the ounce of silver backing the **\$20 Silver Base** currency, or in other words, the backing is fungible, you have three choices: (1) You can exchange the \$10 certificate with a **\$10 Silver Base** (and all \$10 Silver Base denominations) for a new \$20 Certificate with a **\$20 Silver Base** at no charge. (2) You can redeem the \$10 Certificate (and all denominations) for the silver. (3)

You can hold the \$10 Certificate (and all denominations) as a store of value or up to 20 years from date of issue or for higher silver prices. In other words you don't have to rush down to redeem or exchange your Liberty Dollars until the term expires. But don't miss the termination date, or you will lose your money as every warehouse receipt is a legally binding contract and must have an expiration date – the Liberty Dollar expires 20 years from its date of issue. That date is important! Make sure you redeem or switch your Liberty Dollars before they expire.

Please note that all certificates are “redeemable by bearer on demand” for the silver, as specified on the back of every certificate, regardless of the price of silver. That's right, because the silver is placed in the warehouse before the warehouse receipt is issued, you are guaranteed to receive the silver, because it is 100% backed currency. If you were to get anything less, it would be as fraudulent as the current banking scheme.

As the value of the Federal Reserve Notes continues to fall and the price of silver rises to maintain its value in the marketplace, the Liberty Dollar has been designed to continue to function at par on a dollar-to-dollar basis with the FRN. Now for the first time since the Federal Reserve began, this parallel feature provides an invaluable comparison between the debt based federal currency that depreciates and the value-backed American currency that will appreciate in terms of the USD. This alone should set the stage for a massive education and hopefully bring about the repeal of the Federal Reserve and a return to a value-backed currency, of, by and for The People.

†The new **\$20 Silver Based** currency will actually be implemented before silver rises above \$10 per ounce to accommodate the discount provided to the Liberty Associates. Likewise, economic models have been created that demonstrate that this system works for both increasing *and* decreasing silver prices with the initial **\$10 Silver Base** as the basis for all future Liberty Dollar issues.