

NORFED's "Liberty Dollars"

U.S. Mint

September 13th, 2006



Source: NORFED, Inc.

The National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code (NORFED) is producing and marketing gold and silver medallions that NORFED calls "Liberty Dollars." The United States Mint and the United States Department of Justice have received inquiries regarding the legality of these so-called "Liberty Dollar" medallions. The United States Mint urges consumers who are considering the purchase or use of these items to be aware that they are not genuine United States Mint bullion coins and they are not legal tender. These medallions are privately produced products and are not backed by, nor affiliated in any way with, the United States Government. Moreover, prosecutors with the Department of Justice have determined that the use of these gold and silver NORFED "Liberty Dollar" medallions as circulating money is a Federal crime.

Consumers may find advertisements for these medallions confusing and should take note of several issues related to them.

First, the advertisements refer to the product as "real money" and "currency." These medallions might look like real money because they—

- Bear the inscriptions, "Liberty," "Dollars," "Trust in God" (similar to "In God We Trust"), and "USA" (similar to "United States of America"), and an inscription purporting to denote the year of production; and
- Depict images that are similar to United States coins, such as the torch on the reverses of the current dime coin, 1986 Statue of Liberty commemorative silver dollar and 1993 Bill of Rights commemorative half-dollar, and the Liberty Head designs on the obverses of United States gold coins from the mid-1800s to the early 1900s.

However, despite their misleading appearance, NORFED "Liberty Dollar" medallions are not genuine United States Mint coins and they are not legal tender.

Second, the advertisements confusingly refer to NORFED "Liberty Dollar" medallions as "legal" and "constitutional." However, under the Constitution (Article I, section 8, clause 5), Congress has the exclusive power to coin money of the United States and to regulate its value. By statute (31 U.S.C. § 5112(a)), Congress specifies the coins that the Secretary of the Treasury is authorized to mint and issue and requires the Secretary to carry out these duties at the United States Mint (31 U.S.C. § 5131). Accordingly, the United States Mint is the only entity in the United States with the lawful authority to mint and issue legal tender United States coins.

Under 18 U.S.C. § 486, it is a Federal crime to utter or pass, or attempt to utter or pass, any coins of gold or silver intended for use as current money except as authorized by law. According to the NORFED website, "Liberty merchants" are encouraged to accept NORFED "Liberty Dollar" medallions and offer them as change in sales transactions of merchandise or services. Further, NORFED tells "Liberty associates" that they can earn money by obtaining NORFED "Liberty Dollar" medallions at a discount and then can "spend [them] into circulation." Therefore, NORFED's "Liberty Dollar" medallions are specifically intended to be used as current money in order to limit reliance on, and to compete with the circulating coinage of the United States. Consequently, prosecutors with the United States Department of Justice have concluded that the use of NORFED's "Liberty Dollar" medallions violates 18 U.S.C. § 486.