

Federal Reserve fears honest money

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Following the Justice Department's recent announcement that it is "lowering the boom on alternative money," the debate over what constitutes real currency in the United States is back in the national spotlight.

The federal government is claiming paying for goods and services with "Liberty Dollars" is a crime.

However, NORFED, the producer of both redeemable currency and 1-ounce silver rounds, called "Liberty Dollars," for the past eight years disputes this. NORFED has recommended its system as "a boost for people who are looking for an inflation-proof currency to protect their purchasing power."

U.S. Mint spokeswoman Becky Bailey said, "The [Liberty Dollar] coins share some resemblances to real money, such as the term 'Trust in God' instead of 'In God We Trust' and the use of a torch in the design. . . [but] we don't want consumers to be fooled. Such similarities may confuse people into thinking the money is real."

Supporters of backing currency with gold and silver say the federal government's verbal attack is nothing more than a hollow threat and but one more effort to move Americans' attention away from the collapsing paper dollar.

So who is fooling whom? There is enough legal precedent out there which says U.S. currency should be backed by commodities.

Article One, Section 10, of the U. S. Constitution says, "No State shall make any Thing but gold and silver coin a tender in payment of debts." It has never been repealed.

The Coinage Act of 1792 defined the "dollar" as a measurement of gold and silver-25.5 grains and 412.5 grains respectively, thereby setting the ratio of value at 16 to 1.

In addition, 12 USC 152 says, "The terms 'lawful money' and 'lawful money of the United States' shall be construed to mean gold and silver coin of the United States." This is a federal law still on the books.

Yet no coins from the U.S. Mint have contained any silver since 1968. The production of gold coins ceased in 1933 with FDR's confiscation statutes. The first non-redeemable Federal Reserve Notes were issued in 1963 without the then-familiar clause in the upper left-hand corner:

"This note is legal tender for all debts, public and private, and is redeemable in lawful money at the United States Treasury or any Federal Reserve Bank." But "lawful money" was defined in 12 USC 152 above. The old redeemable notes circulated together with the new "FRAUDs," or Federal Reserve Accounting Unit Dollars - so called by monetary realists and Rep. Ron Paul (R-Texas) - for nearly five years until the banks refused to redeem any paper notes for silver after June 24, 1968. Then the bona fide notes were gradually collected by the banks and taken out of circulation.

Silver currently sells for over 10 FRAUDS per ounce. The new "notes," now a deceptive misnomer, as a "note" by legal definition must be payable in something, claimed to be the entity rather than the receipt for the entity, and the hoax was complete. Now the government could fund itself and not have to depend upon the constitutional "taxes by apportionment."

After several re-printings and design changes, these are still the same Federal Reserve Notes that Ms. Bailey is proclaiming to be "real money" in 2006.

Can anyone other than a government bureaucrat make such an outlandish statement with a straight face?

"Gasoline does not go up in price," says NORFED founder Bernard Von NotHaus. "The value of the modern American dollar goes down as the marketplace is flooded with new paper and credit, thereby requiring more for the same hard goods."

NotHaus added: "We have never issued a 'coin' per se, and in no way have attempted to be in competition with any government. Our goal from the beginning [1998] was to replace the fiat currency with lawful money one dollar at a time."

Reporting on the Liberty Dollar in 2003, national news commentator Paul Harvey wrote:

"What's new? The Liberty Dollar! Fed Ex competes with the Post Office. So now there's the Liberty Dollar competing with the greenbacks printed by your government. The Liberty Dollar is backed by gold and silver. Yes, there's a competitive currency right here in the United States. In five years it has become the second most popular currency in America."

Today, NORFED claims 10,000 trading associates, (including AFP) with 80 redemption offices around the nation, and 100,000 users of the silver and currency in commerce.

After the silver rounds, as well as paper notes redeemable in silver, had been in national circulation for more than a year, a similar legal question arose in the Seattle area when a newspaper accused the group of fraud, claiming that there were no offices available to redeem NORFED currency. It was quickly quashed.

"It's not counterfeit money," said Ron Legan of the Seattle Secret Service office. Legan was speaking about the redeemable notes in 2000 and pointing out that there had been no evidence of "fraud" or even any complaints against NORFED.

Having investigated the matter closely, Legan concluded that the silver certificates were well within the restrictive boundaries of the U.S. monetary guidelines. "There is no law that says goods and services must be paid for with Federal Reserve notes," says Andrew Williams,

spokesman for the Federal Reserve. "Parties entering into a transaction can establish any medium of exchange that is agreed upon."