

'Liberty Dollars' Can Buy Users A Prison Term, U.S. Mint Warns

By Elizabeth Williamson
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Once upon a time, a "monetary architect" named Bernard von NotHaus decided to make his own money.

He put a beautiful Lady Liberty and a majestic flaming torch on the silver and gold coins, and he named them "Liberty Dollars." On his Web site, <http://www.libertydollar.org>, he said: "It is fun to use REAL money. Liberty Dollars are a proven and profitable currency that protects and grows the purchasing power of your money!"

True story, phony money. So says the U.S. Mint, which would like to remind Liberty Dollar users that since the United States already has its own currency, the only thing Liberty Dollars buy in these parts is a jail term.

Liberty Dollars were coined by von NotHaus and an Evansville, Ind.-based group called Norfed, which stands for (sort of) the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code. In the late 1990s, the group began hawking its money as a hedge against inflation, and as a way to compete with the Fed. Von NotHaus makes the pitch online, using a raft of statistics and graphs that he says show the greenback is well nigh worthless.

Norfed Executive Director Michael Johnson says the group isn't aiming to overthrow the American monetary system. "We're not locking horns with the Fed. I mean, that's crazy," he said. Norfed simply wants "to offer a solution to the Federal Reserve Note," a.k.a. U.S. dollars.

Norfed struck the first gold- and silver-backed coins -- which, to avoid charges of making its own money it calls "rounds" -- in 1998 at its private mint in Idaho. Today the group claims to have more than \$20 million in Liberty coins and notes in circulation, and about 2,500 merchants who accept Liberty Dollars for goods and services from doughnuts to tattoos.

But, there's a potentially more sinister side to all this. A 1999 report by the Southern Poverty Law Center calls Norfed a far-right anti-government group that has "long claimed that American dollars are . . . part of a vast conspiracy by international bankers to defraud the rest of the world." The center links some Norfed devotees to far-right hate groups.

"That definitely is not the philosophy of the organization," Johnson said. "I've been a Republican for most of my life. . . . We are focused on the mainstream. . . . I guess we are libertarian. But definitely not anti-government."

The U.S. Mint acted after federal prosecutors around the country began forwarding inquiries about the coins. "We don't take these consumer alerts lightly," said spokeswoman Becky

Bailey. "Merchants and banks are confronted by confused customers demanding they accept Liberty Dollars. These are not legal coin."

Norfed responded to the Mint on its Web site. "Here it is in plain sight . . . the Liberty Dollar is not a coin, not legal tender, and backed with inflation proof gold and silver!"

"Goliath just introduced David to millions of Americans as a nationally recognized underdog," the site continues. "Just as Pepsi went up against Coke with their 'take the Pepsi Challenge' campaign, the Liberty Dollar will take it to the people to decide which currency they should use."

Norfed encouraged people to keep doing "the drop," referring to its advice to drop the coin into merchants' hands so they can feel its weight.

That could land the dropper in prison, Bailey warns, for up to five years.