

Liberty Dollars draw law enforcement attention

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A trendy alternative to legal tender, the Liberty Dollar, could now land coin-aisseurs in prison for up to five years, according to federal prosecutors.

"Although we haven't had any of these types of cases in Montana yet, the statute says using one of these coins as legitimate money could be a crime," said Kurt Alme, assistant U.S. attorney for Montana. "It looks like if you make or attempt to pass a coin of gold or silver as current money it's a crime."

Becky Bailey, public affairs director for the U.S. Mint, said prosecutors with the Department of Justice determined last month that passing off Liberty Dollar medallions as official U.S. tender is indeed a federal crime, albeit with a fuzzy threshold for prosecution.

"If the intention is to pass these off as current money, then consumers should think twice about it," Bailey said.

Called means of voluntary barter

But according to a Web site for the Evansville, Ind.-based company that promotes the private currency, Liberty Dollars are merely a means of voluntary barter, and the company maintains it's never advertised the dollars as minted federal currency.

In fact, the company is outwardly contemptuous of the American system of currency, which isn't backed by silver or gold, and says it's made every effort to distance itself from that notion.

The company's Web site, Libertydollar.org, says its Liberty Dollars are issued by a private warehouse and distributed to the public through an organization called NORFED, a partial acronym for National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code.

NORFED is headed by Bernard von NotHaus, a retired mintmaster and self-described "monetary architect." NORFED cites a 96 percent loss in the value of the U.S. dollar as a selling point for the Liberty Dollar, which the company boasts is inflation-proof.

"The last thing NORFED Inc. wants is for someone to be confused that the gold- and silver-based Liberty Dollar has some connection with the federal government's fiat money, which is based upon nothing more than popular acceptance for lack of an alternative," according to the Web site.

But according to a 1999 intelligence report from the Southern Poverty Law Center, NORFED is

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."

Face value exceeds silver's value

The Liberty Dollar coins are made of 1 troy ounce of 0.999 fine silver and have a face value of \$20. But the coin's face value is well above market prices for the same weight of silver, which is currently about \$10.45 an ounce.

Associates with Liberty Dollar learn to profit by initially paying \$250 to start using the group's currency. They can then pay about \$16 for each \$20 coin.

The problem with the U.S. dollar, the site contends, is the paper money hasn't been backed by precious metal since the formation of the Federal Reserve in 1913 and is prone to inflation. The site purports that about \$20 million in Liberty Dollars are now in circulation.

"They certainly seem to be surfacing all across the country," Bailey said.

Even in Missoula.

But there are just a few cases in which a Liberty Dollar has bought someone criminal charges, and the company is dubious as to whether the Justice Department's stance will hold up in court.

As a Liberty Dollar associate, Rich Angell of Missoula has a blast spending his silver-stamped "rounds" across the country, and takes pride in educating people about his philosophy on the U.S. dollar's diluted spending power.

Angell, who's spent more than \$10,000 in the silver-backed coins, says Liberty Dollars are a safer, more valuable alternative to the Federal Reserve note. And even though banks won't take the coins as legal tender, and the federal government is taking a tougher stance on the circulating silver, Angell's not deterred.

"This is nothing but good news," he said. "Now people are finding out about the Liberty Dollar for the first time and they're intrigued."

According to Angell and the Liberty Dollar Web site, traffic to the Web site and orders for the coins have increased exponentially.

When spending his Liberty Dollars, Angell says he's careful to be forthcoming with retailers.

"I tell them, 'It's not legal tender, but you can spend it anywhere it's voluntarily accepted,' " Angell said. "I'm even more careful about it now, because I don't want anyone to be confused. If they turn it down, it's their loss, not mine. So why should I make an issue about it?"

Liberty Dollars are officially accepted in a handful of merchant locations around the country. The company's Web site even lists Missoula restaurants like Sushi Hana and the Iron Horse Brewpub as Liberty Merchants - businesses that accept the coins.

Angell said he spends the coins at his local barbershop and at the chiropractor.

Meanwhile, the Liberty Dollar Web site encourages its customers to continue spreading the wealth.

"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," according to the Web site.