

# *One Year Later, the Plot Thickens for the Alternative Currency*

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Despite media claims that American Liberty Currency—the silver-backed substitute for Federal Reserve greenbacks—may be dubious, NORFED continues to fight for your right to choose.

WHEN AN INDIANA-BASED PORTEST GROUP known as the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code (NORFED) kicked off a David vs. Goliath campaign to compete with the seemingly omnipotent powers of the Federal Reserve (EYE No. 21), it was not without some trepidation. But despite fearing for the safety of his family, Bernard von NotHaus—NORFED's gregarious CEO—boldly told Media Bypass this looming threat would not weaken his resolve to end the oppressive reign of those who have "conspired to enslave the American people with the tyranny of the income tax and a dishonest money system." Now, over a year later, after appearing in some half-dozen publications (including Utne Reader), these monetary mavericks are determined to show jaded critics that NORFED is no mere media phenomenon.

A fierce enemy of our nation's often-criticized Federal Reserve system, NORFED accuses the Fed of depreciating our national currency by 98 percent in the last eight decades. NORFED hopes to inject value back into the sagging dollar by offering citizens their silver-backed American Liberty Currency (ALC), which they have auspiciously renamed "The New American Dollar."

However, as these atavistic proponents of free silver gain notoriety, they are also facing greater scrutiny. Beginning last summer, citizen watchdog groups, cynical reporters, and skeptical members of law enforcement started to question both the legality of and the motivations behind the NORFED mission. Whether these concerns are justified warrants a close examination of the facts.

The first rumbling of discord was sounded last August when a cautionary press release circulated from the press office of the Washington Credit Union League (WCUL). Describing purveyors of ALC as "con artists preying on people's fears about Y2K," the consortium of credit unions substantiated this inflammatory contention by citing Secret Service Agent Joan Reilly, who warned consumers that NORFED "appears to be in violation of Title 18, Section 514 of the United States Code." Although this official pronouncement sounds troubling, a cursory examination of this statutory law throws this statement into doubt. The measure, which went into effect in January 1998, prohibits the production or distribution of any document professing to be "an actual security or other financial instrument issued under the authority of the United States." As NORFED has never claimed to be operating under the aegis of the federal government, the statute seems both misapplied and incongruous. This issue was addressed last June by Hawaii attorney Paul J. Sulla Jr., who analyzed the legality of this new form of

cash at NORFED's request. "I find that the Patriot (ALC) is not in violation of any counterfeiting or similitude statutes of the United States," Sulla concluded in a lengthy legal opinion later published in Media Bypass.

"It's **not counterfeit** money," concurs Ron Legan, Special Agent in Charge (SAC) of the Seattle, Wash., Secret Service field office. Having investigated this regulatory matter closely, he concludes that the silver certificates are well within the highly restrictive boundaries of American monetary guidelines. "We determined there wasn't a federal currency violation," he explains. Although Legan concedes to being "skeptical" of NORFED, he admits there have been no "defrauds" or "complaints" filed against the political organization. Despite giving the newly coined cash a clean bill of health at the Treasury level, Legan believes ALC may possibly fall within the purview of another federal regulatory agency, such as the Securities and Exchange Commission (SEC). Still, the existence of any possible parallel investigation remains unclear at this time.

"Department of Justice policy precludes me from commenting any further," states Harold Malkin, Executive Assistant to the United States Attorney for the Western District of Washington. Citing similar constraints, Janice Marich, who represents the Washington State Consumer Protection Division, is also unable to confirm or deny an existing probe of NORFED. Thus, it cannot be ascertained whether or not there is an ongoing government inquiry. However, five days after the WCUL press release was issued, the Seattle Times openly raised charges of fraud.

"The group claims the certificates will be redeemable through a nationwide network of redemption centers. But as near as authorities can tell, no such centers exist," claims the anonymous writer of a short feature appearing in the Times business section. To check the veracity of this damning assertion, EYE telephoned four NORFED Liberty Associates in the L.A. area to find out whether each center does in fact "exist."

Boris Isaacson of Burbank happily admits he distributes and redeems ALC through his Debt Management Club and is incredulous of the Times' contention. "That's ridiculous," he snaps. Chalong Sirbibootr, owner of an auto repair shop in Canoga Park, also refutes the assertion and avows his status as operator of a NORFED Liberty Associate.

Both men appear pleased with their respective ventures, as does Joseph Garbarini of Glendale. "I'm really optimistic about it and hope more people use it," the entrepreneur commented.

A call to Westlake Village produced similar results. "We definitely are a redemption center," answers "Daisy," who gladly verifies that her employer, G. Edward Griffin, disburses and exchanges the silver-backed Liberty bucks.

Griffin is no populist dilettante by any means. The California author is known for his seminal volume, *The Creature From Jekyll Island: A Second Look at the Federal Reserve*. This provocative work, which provides a brutal dissection of the fractional banking system, is frequently cited by foes of the Federal Reserve. The writer's involvement certainly lends credibility to the NORFED venture. "By Jove, it just might work," he has publicly asserted. Yet Griffin's imprimatur and the utter earth of any evidence of lawbreaking hasn't stopped watchdog groups, such as the anti-militia Southern Poverty Law Center (SPLC), from

regurgitating the WCUL allegations—a development that has NORFED and its fervent supporters fuming.

"Its yellow journalism at its worst," remarks Bernard von NotHaus with frustration. In reference to the Times piece, von NotHaus is equally succinct. "They damn well knew we had redemption centers," he says.

According to the NORFED chief, distributors of ALC redemption centers are also speaking out. "One redemption center called the Special Agent [Joan Riley] and really read her the riot act," he recalls. Adam Bashaw, a WCUL public relations officer, is certainly stunned by the outrage his seemingly well-intentioned press release provoked. "In addition to the sharply worded e-mail letter to him and several newspapers and government agencies, people have called and complained about the press release and attempted to refute its content," reports The Credit Union Times.

However, the negative exposure seems to be backfiring. "It's really affected business for the positive—this has been tremendous," von NotHaus observes. The hard-working economist says he was recently asked to discuss ALC with the camouflaged attendees of the annual Soldier of Fortune convention in Las Vegas. As he puts in 20-hour days traveling across the country promoting this new mode of transaction, von NotHaus sees a bright future ahead for NORFED, and adds, "We're mushrooming with about 200 redemption centers."

The numismatic expert also estimates some \$200,000 has been converted into silver certificates as of September 1999, with the number of businesses trading in NORFED currency on the rise. While only a half-dozen firms were willing to accept ALC last year, today over 50 companies will take Liberty bucks in lieu of cash. In California, a newsstand, paint distributor, law school, and chiropractor allow payment with the "New American Dollar," and NORFED is planning a new web site titled "Winning Stories" devoted to anecdotes by individuals successfully transacting business with ALC. These developments have von NotHaus convinced our once sacrosanct Federal Reserve Notes are approaching their demise. "Everything has a birth cycle and a death cycle. Everything dies. We may represent the future."

The new millennium may be the ultimate test for the alternate cash. In von NotHaus' book, *Y2K Money: Your Survival Currency* (American Financial Press), ALC is described as the final bulwark against the creation of a totalitarian dictatorship. The handbook begins with a futuristic vignette describing a young couple surviving under martial law, their every movement regulated by government. Forced to "live where they want, eat if they allow it, and walk to work like a slave and shut up," the husband and wife find salvation through a small nest egg of Liberty cash purchased before the technological storm. Empowered with their discovery, the embattled couple resolves to assist the NORFED cause and "pray to God that it is not too late to save the American dream."

Whether the American dream can be saved is uncertain at this time. However, there is no denying that the advent of electronic transfers, Internet transactions, ATM cards, and electronic currency is pushing America's venerated greenbacks on a fast track toward obsolescence. The publicity NORFED is receiving—both positive and negative—provides ample evidence that the concept of carrying around alternate cash in the millennium has got more than a few people listening.