

Liberty Dollars Used in Asheville Are Not Legal Tender

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ASHEVILLE, North Carolina -- What's in your wallet? If it's a Liberty Dollar, watch out.

Similar in size and design to the U.S. Mint coins that are legal tender for all debts, public and private, Liberty Dollars are stamped from 1 troy ounce of 0.999 fine silver with a supposed face value of \$20. It's an alternative currency accepted by some 85 businesses in Asheville, the largest city in the mountains of western North Carolina.

The silver coins are similar in size and design to coins minted by the U.S. government. Trouble is, it's illegal under federal law to pass money not minted or printed by the federal government, and it's an offense punishable by an expensive fine, up to five years in prison, or both.

So unless those spending Liberty Dollars are clear about just what they're using to pay their bills -- that they're "bartering silver" for goods and services and not paying with federal cash -- they risk prosecution.

"This is a medallion that they are promoting for use as circulating money. That's the concern," says Mint spokeswoman Becky Bailey.

The coins are minted in Idaho by NORFED -- the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code -- and have been around for eight years. The group also prints paper certificates, and says its private currency -- sold only for real U.S. currency -- is backed by silver stored at an audited company warehouse.

Karen Griffin, owner of the Gourmet Perks restaurant in Asheville, started accepting payment in the dollars about a year ago as a way of promoting her business. She admitted, however, not many customers actually come in with them.

"It gets my name out there in a different market," said Griffin, who has not used Liberty Dollars personally. "I don't know if the concept will catch on. It's just something different."

The Liberty Dollar coins look like U.S. currency, down to their use of the words "Liberty" and "USA" -- both seen on real coins -- and the phrase "Trust in God." (Legal tender has the phrase "In God We Trust.") Liberty Dollars also bear images that echo those seen on U.S. coins, including the Statue of Liberty and her torch.

Two modern touches found on Liberty coins and notes are a phone number - 1-800-NEW-DOLLAR -- and a Web address, LibertyDollar.org.

So far no one has been charged or prosecuted for crimes stemming from the use of Liberty Dollars, and federal prosecutors in western North Carolina won't say if they've received questions or inquiries about the coins. While it is not illegal to own the coins or certificate notes as collectibles, Bailey said, the government is concerned that people are using Liberty Dollars as money.

NORFED executive director Michael Johnson claims that more than \$20 million in Liberty medallions and paper certificates are in circulation. The head of the Evansville, Ind.-based non-profit, which promotes use of the alternative money, agrees it's against the law to use the Liberty Dollar if someone believes it is government money.

"The terms that they use are valid terms," Johnson said. "It just means that you can use the Liberty Dollar to purchase, to transact business between individuals who want to use it as private currency."

Kevin Innes is one of them. He has paid \$250 to become a Liberty Dollar "associate," which allows the music teacher to buy the private currency at a discounted price. He said he explains to businesses around town that the dollars are not official currency, and if they want to use them, they have to be willing to "accept it and actively give it as change."

"It hasn't been a part of people's consciousness to use another currency unless you're at the border of Canada or Mexico," said Innes, who leaves the coins as tips and uses them wherever he can in Asheville. "It builds a form of customer loyalty. It's like a community currency."

Asheville -- a hotbed of liberal political activism surrounded by mountain communities home to many people with strong libertarian and anti-government views -- would seem to be the perfect place for an alternative currency to thrive. And while there are several dozen businesses that accept the money, Liberty Dollars have a long way to go before they're as popular as federal greenbacks.

"I'd be willing to work with it, but they are not in a wide enough circulation," said Meg Anderson, a massage therapist and owner of A Tranquil Haven. "I haven't used or have had customers use them."

Lawrence H. White, a professor of economic history at the University of Missouri-St. Louis, doesn't see much reason for the government to worry about Liberty Dollars, except to the extent that their increased use reflects a drop in confidence in the country's leadership.

"I would see it as a symptom rather than a cause of trouble," White said. "There's not a lot of reason to use them when banks don't take them."