

U.S. Raids Issuer of Ron Paul Coins

The New York Sun (Front Page)

By, Joseph Goldstein

November 16th, 2007

<http://www.nysun.com/article/66542>

Federal agents, in a move that could have an impact on the presidential race, raided the Indiana office of the issuer of a private currency known as the Liberty Dollar — and seized tens of thousands of coins bearing the likeness of a presidential candidate, Rep. Ron Paul.

Overall, agents on Wednesday hauled away more than 2 tons of copper coins and 500 pounds of silver coins, as well as records and computers, the founder of the currency system, Bernard von NotHaus, told The New York Sun by phone from Miami. Although not present in Evansville, Ind., for the raid, Mr. von NotHaus said he has been told that the government agents left business cards from the FBI and Secret Service. Neither agency would confirm or deny the raid when contacted by the Sun.

The raid has the potential to alter the campaign of Mr. Paul, the Republican candidate of Texas whose visage appears on the more than 50,000 seized copper coins, as well as on lesser amounts of gold and silver coins. Mr. Paul is basing his presidential campaign in part on the argument that the federal government has been debasing the dollar. Mr. von NotHaus, a supporter of the presidential candidate, said he put Mr. Paul's image on the dollars to raise attention for the candidate. An eclectic nationwide crew of libertarians and coin enthusiasts exchange the coins.

"I thought, 'What can I do for him?'" Mr. von NotHaus said. "I'll do a dollar. It's 1 ounce of pure copper."

Yesterday, at the strip mall where Mr. von NotHaus's operation is housed, nearly a dozen Paul supporters carried campaign signs in an apparent protest, a television reporter for the local NBC affiliate, Brandon Bartlett, told the Sun. A spokesman for Mr. Paul's campaign, Jesse Benton, said the campaign wasn't "really paying that much attention" to the raid. "We don't have any official association" to the currency, he added.

The reason behind the raid is unclear. The Justice Department's position, according to a year-old consumer alert on the Web site of the United States Mint, is that using Liberty Dollars "as circulating money is a federal crime." Mint officials said the Liberty Dollar looks similar to legal tender, with inscriptions that say, "Trust in God" and "USA."

It's not clear, however, what the Justice Department's view is on the legality of possessing the coins for novelty or as protection against the declining value of government notes.

Mr. von NotHaus said he suspects the raid is in response to "the competition" his currency poses to the U.S. Mint. His Liberty Dollars, whose value is the price of the coin's metal, have

proven a better investment in recent years than government issued notes, whose value has plummeted in relation to the price of gold.

"This is an example of Bernanke trying to protect his own nest because he knows it's got holes in it," Mr. von NotHaus said, referring to Ben Bernanke, the chairman of the Federal Reserve. "He can't have something like the Liberty Dollar running around competing with his currency. It points out the fallacy of the fiat monetary system. They had to do something. Their currency is losing and we're going to the moon."

Even into this century, long after government notes replaced the private notes of banks, private currency has long been a cause of certain influential figures, such as the economist Friedrich Hayek, a Nobel laureate who died in 1992.

So far, about \$20 million worth of gold, silver, and copper Liberty Dollars and the accompanying certificates are circulating, Mr. von NotHaus said. Residents of Evansville say Liberty Dollars aren't often seen locally. But there is a national following, which includes some members of the Manhattan Libertarian Party. One member who had a hand in founding the currency, Nicolas Leobold, told the Sun last year that he's spent the Liberty Dollar at several New York locations, including a Gray's Papaya, a bodega near Grand Central Terminal, and a Dunkin' Donuts outlet.

With the Liberty Dollar, Mr. von NotHaus seeks to reintroduce the kind of economic debate that Mr. Paul has been nursing for years. When Mr. Paul was a member of the United States Gold Commission, he wrote, with Lewis Lehrman, a famous dissenting opinion in favor of the restoration of a role for gold in the U.S. monetary system. The bearer certificates issued with silver Liberty Dollars say that using the coinage is an exercise of "the bearer's First Amendment right to petition the government for a silver-based currency," Mr. von NotHaus said.

Mr. von NotHaus said the raid lasted six hours beginning at 8 a.m. and involved about a dozen agents from the Secret Service and FBI. The local U.S. attorney's office referred all calls to the U.S. attorney for the western district of North Carolina. A spokeswoman there said she could not confirm or deny any raid.

An employee at the gun store at the same strip mall as the Liberty Dollar office confirmed that officers had been present Wednesday.

"There were guys in uniform and some in suits, and they hauled a bunch of stuff out of there," the employee of Strictly Shooting, who asked not to be identified, said.

The Liberty Dollars are but one example of private currencies that have been used in American history. In the 1930s, "wooden nickels" circulated out West. In Michigan, there were so-called wildcat banks in the 1830s that printed paper money without backing by gold or silver reserve.

In addition to silver and copper coins, agents seized more than 3 pounds of gold and several ounces of platinum, Mr. von NotHaus said. All that coinage, as well as bearer certificates held at the Evansville office, belonged to purchasers of the currency. In an e-mail message, Mr. von NotHaus urged the owners of the seized currency and seized bearer certificates to file suit

against the government. Mr. von NotHaus has already sued government officials for issuing the "consumer alert" against his currency last year.

The impact, if any, on Mr. Paul's presidential campaign is difficult to predict. On the one hand, he could be criticized for permitting, if he did permit, his face to be used on a coin whose circulation the U.S. Mint contends is illegal. On the other, the raid could throw into even sharper relief the argument he has been making for sound currency. Videos of Mr. Paul cross-examining Mr. Bernanke in recent congressional hearings have been widely viewed on the Internet.