

Government Is Sued Over Seizure of Liberty Dollars

By: Joseph Goldstein
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The federal government's attempt to stop a group of gold-standard activists from minting an alternative to the greenback is about to face its first legal test.

A dozen people around the country filed suit in U.S. District Court in Idaho this week demanding the return of all the copper, silver, gold, and platinum coins — more than seven tons of metal in all — that the FBI and Secret Service seized in November during raids of a mint in Idaho and a strip mall storefront in Indiana.

The Justice Department had decided that the coins, many of which bear the familiar symbol of Lady Liberty and the phrase "TRUST IN GOD," were being illegally marketed as government-sanctioned currency, according to the sworn affidavit of an FBI agent.

The creator of the coins, Bernard von NotHaus, who lives in Miami, claims that the federal government is trying to shut down production of his liberty dollars, as the coins are called, because of the competition they pose to the greenback. In recent years, his precious metal coins have outperformed the dollar, whose value has plunged in relation to gold.

The raids in November were the result of a two-year undercover investigation of Mr. Von NotHaus and how he sold liberty dollars. The Justice Department has not followed up with any criminal charges against Mr. Von NotHaus or the regional distributors of his coins.

In the suit filed in Idaho, the various plaintiffs say the federal government has no right to continue holding onto their coins any longer.

While it is common for agents to warehouse property seized during criminal investigations, such as firearms or surveillance equipment, the plaintiffs say coins of precious metal should be off-limits.

The coins "do not constitute contraband or other property subject to seizure," the legal papers state, adding that the seizures violated the Fourth Amendment rights of the plaintiffs.

For the most part, the plaintiffs had possessed bearer certificates for the silver liberty dollars that were being warehoused in Couer d'Alene, Idaho, at a mint. The mint, Sunshine Minting, is one of the sites that federal agents raided.

In an unusual request, the plaintiffs ask for an order, at the very least, forbidding federal agents from touching or moving the coins so that they are not dirtied in any way.

"Mishandling numismatic material can negatively impact value," the legal papers say.

A spokesman for the Justice Department, Charles Miller, said that the agency had not yet seen the legal papers and could not comment.

E-mail messages circulating among Liberty Dollar enthusiasts have expressed fears that the federal government intends to publicly auction off the coins. There has been no public announcement indicating that to be the case. The U.S. attorney's office in Asheville, N.C., which led the investigation that prompted the raids last November, did not return several calls for comment over the last few weeks.

Mr. Von NotHaus markets his coins via the Internet as an inflation-proof currency and claims that between 100,000 and 250,000 Americans own them. They have attracted the interest of coin enthusiasts, as well as critics of the Federal Reserve.

A 1999 report by the Southern Poverty Law Center said that many of the stores that accepted liberty dollars "are run by men and women connected to the radical right." The coins have caught on particularly well in Asheville, N.C., and Austin, Texas, and are accepted by some merchants there.

More than 50,000 of the coins seized last year bear the likeness of Rep. Ron Paul, whose monetary policies Mr. Von NotHaus supports.

"About a quarter of a million people holding liberty dollars are almost up-in arms — not up in arms yet, but almost — about having their property seized, and rightly so," Mr. Von NotHaus told The New York Sun yesterday.