

With economy tanking, 'liberty' coins made of silver are paying off

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Nicolas Leobald is fighting the federal government - one silver coin at a time.

The 42-year-old East Village writer struck one of his mild-mannered political blows the other day at his favorite deli, where he bought some cold cuts and a roll, paying with a silver coin marked \$10 and getting back three dollars in change.

That simple transaction could mean jail time for Leobald and the butcher. The coin, called a Liberty Dollar, is not legal tender and passing it is a federal crime.

Libertarians, who are pushing the coins as an "inflation-proof" alternative to the greenback, call it a revolutionary act.

"It's about trying to take power away from the Federal Reserve and return it to private citizens," Leobald said.

He says he spends his coins at Gray's Papaya, grocery stores, movie theaters and on taxis.

"I use them all the time. People love Liberty Dollars," said Leobald, who has several hundred dollars' worth.

For years, those who obsessed about the Gold Standard and tried to pass so-called "private money" were considered fringe nutcases.

With predictions of the dollar weakening and consumer fears of inflation strengthening, there is sudden new interest in alternative money - even in New York City. "I ask the merchants if they would rather be paid in green pieces of paper or real silver, and more often than not, they want the silver," said Karl Reile, 47, who says he spends Liberty Dollars on a daily basis at gas stations and restaurants.

He said store owners almost always accept the pieces.

"I take them at my store because they are so unique," said Andrew Illici, who runs the East Village Market and Deli.

Illici says he brings them home for his children, who enjoy the touch and feel of the silver.

The U.S. Mint says only Congress has the power to coin money, but in the gray world of barter, shopkeepers who accept the coins as souvenirs for their kids aren't really breaking the law.

No one has ever been arrested for passing a Liberty Dollar.

The alternative currency was invented 10 years ago by controversial "monetary architect" Bernard Von NotHaus.

The coins come in several denominations, from a copper piece marked \$1 to a \$500 gold piece. They have soared in popularity since the economy tanked.

Sales of the coins are up more than 100%, Von NotHaus said, adding that more than \$22 million in Liberty Dollars are in circulation.

Von NotHaus's company sells the coins over the Internet. A 1-ounce silver coin stamped with "\$20" costs \$18.26 at bulk rates. The firm says buyers can make out by spending Liberty Dollars and getting real money back.

Ultimately, the company wins. Silver is trading now at around \$13 an ounce.