

Asheville man charged in alleged Liberty Dollar fraud scheme

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ASHEVILLE — Federal authorities arrested an Asheville man in what they said was a scheme to undermine the U.S. currency system and defraud consumers with so-called Liberty Dollars.

William Kevin Innes marketed the “barter” currency in Western North Carolina and recruited merchants willing to accept it and give it as change for products bought with real money, according to an indictment unsealed this week.

Innes, 53, faces up to 45 years in prison if convicted. He was indicted along with Bernard von NotHaus, president of the National Organization for the Repeal of the Federal Reserve and Internal Revenue Codes, and two other defendants from Indiana associated with the corporation.

Innes made an initial appearance before a federal magistrate judge in Asheville Wednesday and was ordered detained pending a detention hearing set for Monday before a judge in Charlotte, according to the U.S. Department of Justice.

Liberty Dollars are coins made of silver or gold and are touted as inflation-proof and a way to encourage buying local goods.

“When groups seek to undermine the U.S. currency system, the government is compelled to act,” said acting U.S. Attorney Edward Ryan of the Western District of North Carolina.

“These coins are not government-produced coinage, yet purchasers were led to believe by those who made and sold them that they should be spent like U.S. Federal Reserve Notes,” Ryan said. “Such claims are in violation of federal law.”

Innes and von NotHaus are charged with uttering and passing coins resembling genuine U.S. coins and intended for use as money, mail fraud and selling and possessing Liberty Dollar coins with intent to defraud.

Past statements

Despite warnings from the federal government to the contrary, Innes told the Citizen-Times in 2006 that Liberty Dollars were legal.

“One of the first things I did when I started this in Asheville was go to the police and tell them what I was doing,” he said then.

Von NotHaus created his organization in Evansville, Ind., in 1998, and developed the Liberty Dollar. He touted the silver medallions as an inflation-proof alternative to official currency.