

Head of Asheville Liberty Dollar operation arrested, faces 45 years in prison

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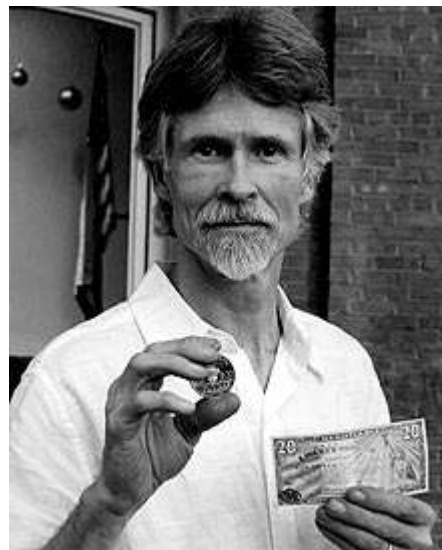
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By, David Forbes

Asheville resident **William Kevin Innes**, known for running the local branch of the Liberty Dollar private currency, was arrested June 2 on charges of trying to pass off coins as U.S. currency. The arrest came as part of a countrywide sweep of the organization's officials.

An announcement from the Justice Department alleges that Innes, along with Liberty Dollar founder **Bernard von NotHaus** and two other employees of the Liberty Services, the company that made the currency, were engaged in a conspiracy to pass off their product as legal tender.

The federal indictment also alleges that the intent of Liberty Services is to put the Liberty Dollar into circulation and have it compete with U.S. currency. Liberty Dollars are backed by



precious metals (gold or silver), and Liberty Services tries to encourage businesses to accept them. The indictment further charges Innes and Nothaus with counts of mail fraud. Innes could face a maximum of 45 years in prison if convicted on all counts.

“When groups seek to undermine the U.S. currency system, the government is compelled to act. 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,” Acting U.S. Attorney **Edward Ryan** declares in the announcement. “Such claims are in violation of federal law.”

This isn't the first time Innes or the Liberty Dollar operation has faced federal heat. The [affidavit for a 2007 federal raid on Liberty Services' Evansville, Ind., headquarters listed Innes, and the order for that raid originated in Asheville](http://www.mountainx.com/news/2007/112807silver/) (<http://www.mountainx.com/news/2007/112807silver/>). The affidavit also said this area was one of top centers for Liberty Dollar distribution in the country (the others being Austin, Texas, and Berryville, Ark.)

In the aftermath, Innes asserted that he has never said the Liberty Dollar are legal tender, has specifically shied away from using the word “coins” to describe them and had gone to local police to seek assurances that the activities of his organization were within the law.

“If we’re criminals, why were we going to the police and being out in the open?” Innes said at the time.

The legal status of the coins is murky, with some federal agencies issuing warnings against their use, while others have dismissed them as an issue. For example, in 2006, the U.S. Mint issued a statement saying that using the coins in place of standard currency was criminal. But in the same year, a Treasury Department official told media that if merchants wished to accept the coins, they were free to do so.

Local or private currencies are not unheard of — in specific towns or resorts, for example — and have not generally faced legal challenges. What differentiates the Liberty Dollar, however, is its nationwide reach and the precious metals in the product.

After his arrest, Innes made a brief appearance before a federal magistrate in Asheville and was ordered detained until a detention hearing in Charlotte, scheduled for today.