

Despite arrests, some local merchants still accepting Liberty Dollars

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JASON CLARK / Courier & Press Federal officials arrested Bernard von Nothaus as well as two other Evansville residents last week, alleging that they have distributed Liberty Dollar coins meant to resemble U.S. currency.

At one time, Terry Eickhoff had accepted Liberty Dollars at his gun store near Cynthiana, Ind.

A poster on his wall had proclaimed him a "Liberty Merchant," one among a small group of business owners willing to exchange goods and services for silver, gold and copper coins meant as alternatives to U.S. currency. But Eickhoff, whose store is called the Red Ghost Gun Shop, stopped using the "private voluntary bartering system" about five years ago.



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The decision was purely economic; Eickhoff said he sold off his stock of Liberty Dollars when the prices of gold and silver climbed higher than he had seen in recent times.

Bernard von NotHaus, the monetary architect of the Liberty Dollar, said Liberty Merchants who use his coins are indeed harder to come by these days. For that he blames the government, which has succeeded in raising fears over what he considers a perfectly legal and wise means of conducting



JASON CLARK / Courier & Press Liberty Dollar is located at 225 N. Stockwell Road. Federal officials arrested Bernard von Nothaus as well as two other Evansville residents last week, alleging that they have distributed Liberty Dollar coins meant to resemble U.S. currency.

a perfectly legal and wise means of conducting business, he said.

Last week, federal officials showed their threats weren't empty by arresting von NotHaus and three others involved in the Liberty Dollar. He and two defendants from Evansville are out on bond, awaiting an initial hearing. The fourth, William Kevin Innes, is being held in North Carolina, where he was arrested.

In an e-mail sent out this week, von NotHaus said he is happy he can now prove his contentions in court. He said he needs money and encouraged his supporters to keep buying Liberty Dollars, which continue to be made. He also solicited the services of a lawyer who can help him win the case.

The arrest did not come as a surprise. The government has long been vocal in its disapproval of the Liberty Dollar.

In Sept. 2006, the U.S. Mint deemed it a crime to circulate the coins. The following year, federal officials raided the private mint in Idaho where Liberty Dollars were made, as well as the group's store in Evansville, confiscating inventories of silver, gold and copper.

Von NotHaus responded with a lawsuit. He contended the chief reason for the government's actions was a fear of competition. The Liberty Dollar, he said, holds its value while the U.S. dollar continues to lose purchasing power.

Frank Findley, an Evansville businessman, said it was such claims that attracted him to the "inflation-proof" currency. He became a Liberty Merchant in 1999, the year after von NotHaus and others had begun making the coins.

Findley said he first encountered the Liberty Dollar at trade shows he and his wife would attend for their side business: DEF Arms Enterprises, a seller of pepper spray and other defense products. Customers asked him if he would accept the coins in lieu of regular money.

Though interested, Findley proceeded with caution, first calling the Better Business Bureau to see if it had recorded any complaints against Liberty Dollar. Learning of none, he read some of von NotHaus' pamphlets describing how the coins could be used as a hedge against inflation.

To become a Liberty Merchant, Findley had to promise he would not misrepresent the Liberty Dollar as standard currency. He was then able to buy

Liberty Dollars for less than the dollar amount imprinted on the coins' faces, which ranged from \$5 to \$50. He could also sell them back to the Liberty Dollar store for at least the same price he had paid.

Findley said when someone bought his wares with a Liberty Dollar, he would give them the option of receiving the change in "Liberty Certificates," paper slips backed by silver or gold stored in a warehouse. The transactions were prompted by customers, he said, who could always use standard money instead.

"Everyone I ran into knew exactly what it was," he said. "I never witnessed anything fraudulent."

The U.S. Department of Justice, though, doubts that all Liberty Merchants went to such lengths to ensure their customers were aware. In a bill of indictment filed when von NotHaus and his colleagues were arrested, the word "counterfeit" never appears.

The charges leveled against them instead involve fraud and conspiracy. The government contends Liberty Dollars were in essence a means of fooling customers into thinking the coins were worth more than they truly were.

The value of the metal in Liberty Dollars was almost always less than the dollar amount imprinted on them, the government says. Liberty Dollars bearing an imprint of \$20 might only contain \$15 worth of silver, for instance.

Von NotHaus and others made a profit by selling those coins to merchants at a slight mark-up — say for \$18. The merchants in turn came out ahead by using the full \$20 face value when making change.

The federal government's indictment says a booklet called The Liberty Merchant Handbook encourages Liberty Merchants to "accept Liberty currency when presented" and "offer Liberty currency as change (for U.S. currency) whenever possible." It further says the merchants make money by giving Liberty Dollars out "as change."

Von NotHaus, who said the government often takes his words out of context, has defended the practices by saying that any legitimate business wants to bring in profits. On the Internet, he has noted that the rise in the price of gold and silver has at times raised the dollar value of older Liberty Dollars close to their face values.

Bryan Manzi, the owner of Classical Coins on First Avenue, said there is no doubt over the materials and craftsmanship found in von NotHaus' products.

"As a coin shop owner and dealer in coins for 20 years, they are just as good a quality as anything I've seen," he said.

Still, Manzi can't remember a time when he bought them for face value. If a customer brings in a \$20 silver Liberty Dollar — which typically weighs an ounce — he now offers about \$15 for it, he said.

Depending on the coin's condition, he can turn around and sell it for between \$18 and \$20. Some Liberty Dollars are listed on the Internet site eBay for an even higher price.

The Liberty Dollar store itself has stopped exchanging the coins for U.S. dollars but plans to resume in the future. Manzi said Liberty Dollars fetch a premium in Evansville, since residents here are attracted by the association with their hometown. Still, only in the first part of 2008 did the value of the metal in Liberty Dollars approach their face values.

"It was one brief moment in this nation's history that their \$20 coins were actually worth 20 bucks," he said.

Though no Liberty Dollar is a strict copy of U.S. currency, the government does make note of some resemblances.

The use of the dollar sign is suspect since it is the universal symbol for the U.S. dollar, the indictment says. Also troublesome is the inclusion on some coins of the words "Trust in God" and symbols such as a burning torch and crowned head, like those associated with the Statue of Liberty. Standard U.S. coins bear similar words and imagery, says the government.

Von NotHaus has said he always wanted to keep his coins distinct from U.S. currency. But the government notes that in a book on using the Liberty Dollar, von NotHaus wrote that when standard coins are mixed in with Liberty Dollars, "the acceptance rate is nearly 100 percent."

Robert Winkler, the owner of Bob the Locksmith in Evansville, says he still takes the Liberty Dollar and isn't worried about legal consequences. Few customers bring them in these days, though, and he has only about \$50 worth in his possession.

Winkler said he thinks the Liberty Dollar founders got in trouble by being too ambitious and trying to spread their ideas throughout the country.

"I told them to keep the money in Evansville instead of going out there to every place," he said. "It didn't quite work out that way."