

A Bright Shiny Lesson in Government Theft: How the Feds Seized My Silver Dollars

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Imagine my surprise (actually anger and surprise) when I awoke two weeks ago to find six identical emails in my inbox from the Liberty Dollar News email list. The headlined screamed "FBI Raids Liberty Dollar — Confiscates All Ron Paul Dollars." There are better ways for a Liberty Dollar user to start the day!

Luckily I knew that the silver I owned was not in the main Evansville, Indiana office raided by the FBI, but rather safely secured in the Sunshine Mint vault many hundreds of miles away. Well, the FEDs decided to take that too. In fact, let it never be said that they are not thorough when they want to be. They even allegedly took the dies used to strike new medallions in case someone wanted to covertly begin making more of the "forbidden" currency.

Why should you care, you ask? Well, even if you're not a precious metal aficionado, my bitter experience is important for YOUR financial well-being. Even checking accounts may not be safe in case of a bank run as the US Dollar (actually a Federal Reserve Note or FRN for short) continues its free fall to worthlessness.

Passing through denial and anger, I was on the way to the depression stage. With dread I went to my computer to find out just how much I had lost in this confiscation. It had been almost a year since I had used my online account because I held the currency more for long term stability in my buying power rather than usage for daily purchases. A few keystrokes later I found out that I was the proud (previous) owner of 8,734.08 ALD, or 436.7 ounces of 1-ounce, 0.999 pure silver medallions. Now my 436+ ounces of shiny awesomeness were in the hands of the "just-doing-my-job" FBI agents and all done "for my own protection" I'm sure.

So what is so dastardly about the Liberty Dollar and its customers? After all, the US government hasn't completely converted to a "decider dictatorship" yet (although my friends and I joke that we are closer than people like to admit). The government still has to put on the appearance that its invasions, both foreign and domestic, are oral/just/lawful in case people ever wise up and turn away from the mainstream media to find out what is really going on. With a plausible-sounding official charge, Joe and Jane Sixpack can nod "makes sense" and move onto the next Paris Hilton / OJ Simpson distraction and forget this money "blip" ever

happened. But any disinterested party who looks beyond the FBI cover story in favor of the evidence will agree the FEDs have no case.

The "Application and Affidavit for Seizure Warrant" (available here) offers no evidence that any citizen has complained to officials about the Liberty Dollar yet the government accuses American Liberty Dollar (=ALD) of three crimes:

- 1. Violation of USC Title 18, Section 486 — "intended for use as current money"
- 2. Mail fraud
- 3. Money laundering

Now if these three charges were true and provable in an honest court of law, I would say that the government was right to bring a case against the ALD. But even so, I do not believe that they had the right to exercise such an egregious use of force in this process. After all, was it really necessary to confiscate the offices and all the assets, especially all the customers' gold and silver? Couldn't they just demand that the operations stop for the duration of the trial? Clearly no one was a flight risk and nobody's life was in the balance. Nobody needed his or her personal property confiscated. By taking the ledgers, the ALD could not even distribute already-bought-and-paid-for products to customers. Considering the products are not illegal, the seizures are outrageous. After all, when the CEO and CFO of Tyco were found guilty of stealing over \$120 million from the company, the FBI did not raid every Wal-Mart or Toy's R Us in the country to take away their products!

But if the charges themselves are baseless to begin with, all this is beside the point. Let's take the three FBI claims in reverse order and see how well they hold up under scrutiny.

Money laundering

Newsflash to the FBI: The US dollar is THE money laundering currency extraordinaire. Just look at this pile of "money" obtained from a man arrested for drug dealing.

Figure 1: In this photo (low res source here), we see part of the \$207 million in greenbacks confiscated during the bust of an illegal drug ring.

That is \$207 MILLION in just one sting. The illegal drug market (let's ignore the legal one for now) is several hundred billion dollars yearly. And does the FBI actually believe this is done in Swedish Krona? Indian Rupees? No. It's done using the "global reserve currency," the good ol' Federal Reserve Notes that we call US dollars. As a friend I will call Kevin points out,

US dollars are used for criminal activities every day. So are credit cards. So are bank accounts. Yet no one arrests US Mint officials or bank presidents for failing to prevent this. As a practical matter, no money issuer can be held to a standard

requiring them [sic] to prevent their [sic] currency from ever being used for "criminal activities" (however that term may be defined).

Yet e-gold [note: e-gold was one of the first digital currencies backed by precious metals and NOT affiliated with any particular national, fiat paper currency] *is* being held accountable for such failure. So why the differential treatment? That is the important question, not whether or not e-gold has ever been utilized by criminals. (Of course it has.)

Because of this differential treatment, more than \$11 million has been seized by the US SS [editor: Secret Service]. Between 2 and 3 million of that belonged to e-gold and/or G&SR [editor: Gold and Silver Reserves], who have been accused of operating without a particular license (one which the government previously refused to grant, on grounds that it was not applicable). But the majority was seized from other parties who have been accused of no crimes at all, and likely never will be. This amounts to theft. It is surely a larger magnitude crime than any perpetrated using e-gold by phishers [editor: people trying to trick people into giving them account access], HYIP [editor: High-Yield Investment Program] scammers, auction fraudsters, identity thieves, kiddie porn sellers, or other undesirables in e-gold's entire history.

Meanwhile, Liberty Dollars' total quantity of currency in circulation is a claimed \$20 million ALD. While this number is certainly impressive for a private currency, it is nowhere near the M3 money supply of the FRN, which was officially touted at \$10 trillion back in 2005. The ALD money supply is thus negligible, six orders of magnitude smaller than the official money supply in size. It is too small and spread over too many people to be a meaningful way to launder enough money to warrant the FBI's attention. No, there is another agenda at hand. Using the "money laundering" slur is a great way to smear the ALD and get public sentiment against it.

Side bar: Liberty Dollars come in the same denominations as most other currencies (\$1, 5, 10, 20, 50, 100, 500). The quantity of silver that these numbers represents depends on the base. At the time of this article, we are at the \$20 dollar base, which means that 20 ALD is backed by one ounce of 0.999 pure silver medallion. The rest of the denominations scale off that base (e.g. 10 ALD are worth a 0.5 ounce medallion and 100 ALD equals 5 one ounce medallions).

Mail Fraud

If mail fraud was truly important enough for the FBI to spend its valuable resources on, we would never have email spam. From the Nigerian 401 scam down to every PayPal scam, they would end tomorrow. In contrast to scam artists, the Liberty Dollar is a business, delivering value to people. Personally, my buying power with the ALD has almost doubled since I exchanged FRNs for them three years ago (disclosure: I exchanged most of mine at 8 USD per 10 ALD

approximately 2-3 years ago). This did not occur at the expense of anyone and no one was duped in this process. How this constitutes "fraud" is beyond me.

If this transaction was fraud, then I suggest the FBI go arrest any and every FOREX [= foreign exchange] shop in the country because people are losing all sorts of money in currency trades. The FBI also should arrest the IRS because it engages in mail fraud with every mailing it sends out. It clearly puts "Department of Treasury" on its envelopes yet the IRS is not part of the U.S. Department of Treasury. It is an independent agency.

Figure 2: ALD committing mail fraud? Arrest the IRS first!

Frankly, as a long time Liberty Dollar supporter I don't recall getting ANY mail beyond actual shipments of the products and exchanged currency. So I am eagerly awaiting to see just exactly how the FBI's charges are going to play out because it should be rather difficult to prove "mail fraud" when the government lacks the [unsolicited] mail part of it.

Violation of USC Title 18, Section 486 - "intended for use as current money"
Here is where things get down right absurd in a tragic, "the-world-is-going-to-hell-in-a-handbasket" sort of way. First, there is absolutely no way to confuse the two currencies, FRNs and ALDs, by appearance. The one-ounce \$20 ALD silver liberty is 60 percent larger in diameter, weighs 5 times as much, and is much shinier than even a brand spanking new quarter. It clearly states the website and telephone number right on the reverse face of the medallion so that anyone can easily access all the information about the differences between it and Federal Reserve Notes.

Next, the actual paper versions are also completely different. The Federal Reserve Notes are all green, one size, and have president faces on them. The Liberty Dollar Certificates, by contrast, are warehouse receipts for the precious metal and are multi-colored, different sizes, feel different, and have a picture of the Statue of Liberty on them. Vending machines can certainly tell the difference (i.e., they won't accept them) so to claim that people are too stupid to tell the difference between the currencies is ridiculous. After all, does the FBI try to confiscate the European Union's Euro simply because a few foreigners try to use them in America to no avail? Certainly not!

Using the ALD is and always has been a choice. And by chance if someone mistakenly accepted one, the local RCO's (Regional Currency Offices) are more than willing to alleviate a bad experience and buy the ALDs back. This can occur even for large transactions. For example, a friend of mine wanted to convert nearly 5000 USD worth of ALD at spot price and I was able to arrange this within the day with another ALD user. Smaller quantities valued less than 100 USD can typically trade at or near parity, particularly if the person trying to convert out of ALD had accepted one under false pretenses or had a bad experience.

Figure 3: Does this look anything like the greenbacks?

And if we're going to attack the Liberty Dollar, why not also attack the "Amero." After all, it is only a "proposed" currency for the North American Union and the government is already printing them in production! (Hat tip to whatreallyhappened.com for this insight). In addition, the blog site wakeupfromyourslumber.com makes an excellent point about the dangers of "Chucky Cheese" coins. In fact, when will the US government start raiding every casino in America for issuing their own tokens in exchange for US FRN to play in their establishments?

Figure 4: Actual funny money (Chucky Cheese). Coincidentally they have similar material makeup and intrinsic value to US Mint coinage.

Ok, so maybe it was the fact that ALDs were pegged to the dollar that caused such an uproar. Well if that's the case, the FBI should take over any currency that is either pegged to or in a near 1:1 ratio with the Federal Reserve Note (I'm looking at you Swiss Franc). Or how about countries that have the audacity to use OUR currency as their official currency as well (come on Ecuador, you're better than that!).

So was the Liberty Dollar trying to mimic the US dollar? Absolutely not! In fact, it is trying to be everything the US FRN is not. The FRN dropped its last link to precious metal backing in 1971 and is now backed by nothing but the "full faith and credit" of the US Government. What does that mean? Is that a nice way of saying "the taxes of the American people" back the repayment of FRN + interest for the privileges of using the currency?

The ALD is an attempt to stabilize buying power and savings of all people and communities that use it. It is hard money, 100% backed by silver and gold. Certainly that is NOT the case of the FRN, an inherently worthless scrap of paper whose value depends solely on its "prestige" and belief that the Federal Reserve liars will continue "fighting inflation" by keeping FRNs scarce!

We have all heard about or been told about "the good ol' days" when gasoline was a quarter a gallon rather than \$3.00 and bread was 30 cents a loaf rather than \$2.00 today for a lower quality version. Silver is by no means perfect but maintains its value far better than FRNs, which is why every strong currency from the Roman Denarii to the USD dollar was original backed by precious metals which all command positive value for their non-monetary uses as well as use as money. Governments, however, debased and inflated away the value of their currencies.

Figure 5: Here we see the front and back of a silver Roman Denarius dated around 82-83 BC. As time progressed and the currency was debased, the silver content was continually lowered until the coins contained nothing but cheap

metal alloys (e.g. bronze).

Most savvy people in the precious metal field know that the US FRN does not even meet the technical definition of money. We turn to Black's Law Dictionary 6th edition to identify the imposters, p. 1005: "Money: In usual and ordinary acceptance it means coins and paper currency used as circulating medium of exchange, and does not embrace notes, bonds, evidences of debt [emphasis added], or other personal or real estate. Lane v. Railey, 280 Ky. 319, 133 S.W.2d 74, 79, 81." To repeat, does not embrace "notes" or "evidences of debt" yet the FRN is a debt-based currency because it does not exist until borrowed from one of the many banking levels in the Fed Reserve System. It is this insanity that requires the national debt to increase forever because to pay off the debt completely would mean that there would be no money in circulation. Of course as my friend and noted economist Morgan Reynolds notes, this "danger" will never occur simply because there is no way in hell this repayment would ever happen!

Side Bar: To those confused by the topics mentioned above, I highly recommend the wonderful movie "Money as Debt," which is freely viewable on Google video. Yes, it has an unfortunate anti-precious-metal slant at the end (after all, opponents of the current system do not march in lock step) but the illustrations and explanations of the current corrupt setup are done extremely well. "Money Masters" and "America: Freedom to Fascism" also do a great job rounding out the details and provide additional insights and alternative perspectives. And finally, if the FBI's charges were true and the ALD was fraudulently operating as an FRN imposter, then why did it take 10+ years for the government to make this determination? Why did top officials of the Secret Service, the US MINT, and other agencies say it was perfectly legal after the ALD specifically asked them? Why did they change their minds, and why now? Why so abruptly? These are questions that are not easy to answer and should be of great interest to any American business owner out there. Because if they can do things without cause to the ALD (an organization that did everything it could to make sure it was operating legally to avoid this from happening) what is to stop them from doing this to anyone else?

Conclusion

The ALD:

- Doesn't look like the US FRN anymore than the Euro does
- Is pegged only for convenience much like other currencies
- Intends to fill a different set of needs by being commodity backed.
- Actually fits the court-defined version of money
- Is value-based rather than debt-based
- Is privately owned, just like the FRN(!)
- Government officials have said it is Legal.

So there you have it folks. The three stupid reasons (imposterism, mail fraud, money laundering) for the invasion are total garbage upon any sort of

reasonable, unbiased inspection. Some may claim that I am merely complaining and being glib out of bitterness for my financial loss. Yes, I am complaining about my loss. After all I'm just a grad student living off small salary and 430+ ounces of silver is a substantial chunk of change to me. But my loss was more than just personal. It is yet another blow to a free society. In a free economy, I am allowed to use anything in an agreed-upon transaction for any legal goods or service with other consenting adults. This might be silver, gold, stamps, shells, vehicles, vegetables, and even cow manure (valuable to farmers for fertilization of soil). The only time I have to pay in Federal Reserve Notes is if I have an outstanding debt and the contract specifies payment in FRN dollars, perhaps because they have been declared "legal tender."

But perhaps just like eGold before it, it was inevitable that the federal government would target the ALD because hard money is an enormous threat to the government's not-so-funny money. I return to the insight of Kevin:

The answer to the question of "why" is simply: because Mr. Jackson is right. e-gold, or any kind of gold, really is better money. Better for buyers and sellers. Better for merchants and customers. But not better for governments and banks. How do you imagine that the US government will ever pay the \$54 trillion in unfunded liabilities which it already owes, absent the ability to create money at will through the fiat banking system? How would they pay for their next military adventure? If this 100% reserve commodity-backed money thing ever catches on to any great extent, they are so screwed. How could they possibly compete with a vision of prosperity without inflation? They need inflation to go on existing. All their power is built upon the ability to inflate. You cannot inflate gold.

Tiny little e-gold is under attack by the big bad Secret Service wolves, not because it's been used for criminal activities, but because tiny little e-gold has the mighty US Treasury pinned against the wall. e-gold is quite literally a threat to national security. So it's do or die time. Stop this digital gold thing before it gets really big, or in the end it will eat them alive. The method is not important so long as it gets done. Legal persecution is a logical choice, both because the government controls its own courts, and because the defense costs alone are likely to bankrupt the target regardless of the outcome.

My Final Plea

To those who don't care about precious metal money, think of the wider implications. It is not about rogue "conspiracy nuts," old cranks or gold bugs that want to return to a relic currency. Instead, it is about a government that has struck yet another major blow at liberty and thwarted the best way people have to control their own government. This time it hit me at home with a real loss. A free market and a free society cannot exist in a system in which the rules are broken, hidden, changed on the fly, etc.

For the gold/silver bugs out there, don't fool yourself into thinking that you can't be next. If it's stored in a vault, they can get yours just like they got mine out of the "secure" Sunshine vault. All it took was a bogus court order and voila — thieves do not need to invade a fortress with guns anymore when a simple search warrant is a master key. Unless you plan on having all your precious liquid assets piled in your own house, what is to stop the government from confiscating it for "national security" when the dollar goes kerplunk?

Lawless tyranny and a free economy cannot co-exist. The only long run hope is for a return to constitutional government. That would mean radical change (an impossibility in the short run because it would be nothing short of revolution). What is possible is to support the one and only Ron Paul, a dark horse for the Republican presidential nomination. Yes, my conspiracy-theorist friends and I know there is actually more to fixing the nation than that. But it's a start, and frankly it is the best hope we have. You can't afford to not support him. I lost over \$8000 USD worth of silver, confiscated by the government. You probably have more savings in dollar-denominated assets or in precious metals that could go "poof" at the whim of officials "just doing their job."

Protect yourself, and support a presidential candidate that will help stop this arbitrary government from encroaching upon our liberties any further. It was a painful lesson for me. Please don't let it happen to more of us.

Figure 6: Ron Paul and his dedicated supporters represent one of the few remaining hopes to return to a free America.

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