

Police issue warning over 'Liberty Dollars'

By R.J. COHN

Staff writer - March 1, 2006

PONDERAY -- They may look like the real thing, but Liberty Dollars now circulating in the greater Sandpoint area are neither legal tender, nor can they be accepted at banks or deposited in savings and checking accounts.

That means you can stuck holding a bundle of worthless currency the way the Co-op Country Store did when it recently accepted eight silver Liberty Dollar coins for \$160 worth of merchandise.

The Ponderay Police Department is not quite calling Liberty Dollars a scam, but it wants area merchants and employees to keep a sharp eye out for silver coins stamped "Liberty" on the face and "\$20" on the back.

"No one is required by law to accept Liberty Dollars as payment," said Ponderay Police Chief Mike Hutter. "They're issued by an organization called NORFED, which is an acronym for National Organization for the Repeal of the Federal Reserve Act and Internal Revenue Code.

"The coins are erroneously believed to be legal tender."

Hutter said that NORFED does not guarantee that the Liberty Dollars can be converted back at standard U.S. currency.

"The coins are only worth the current marked price of silver, if you can find a buyer," he added. "In most cases, they're worth half the face value of the coins."

As of Feb. 28, market value of silver was less than \$10 per ounce. The Liberty Dollars passed at the Co-op had an assumed face value of \$20 for the one-ounce coin.

"People do use them for bartering purposes, but we do want to stress that they are not legal tender," said Hutter.

Legal tender is defined as legal valid currency that may be offered in payment of debt and that a creditor must accept.

NORFED supporters maintain that by purchasing the Liberty silver certificate, buyers not only receive an instrument that is backed by silver, but also declare themselves as members of a movement to repeal the Federal Reserve Act.

They also contend its presence in the marketplace "limits the amount of money the government controls."