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U.S. COURTS

JUN 17 2008

Rcvd _____ Filed _____ Time _____
CAMERON S. BURKE
CLERK, DISTRICT OF IDAHO

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF IDAHO
COEUR D'ALENE DIVISION**

**SHELTER SYSTEMS, LLC a/k/a)
SHELTER SYSTEMS WAREHOUSE;)
ROBERT FONDRY;)
JANET MEISINGER;)
JEFF KOTCHOUNIAN;)
MATT PITAGORA;)
DAVE GILLIE;)
DAN MORROW;)
KARL REILE;)
ALAN MCCONNELL;)
TOM OLMSTED;)
WILLIAM H. WESSON;)
DAN PRIEST; and)
VERNON L. ROBINSON)**

Plaintiffs,)

v.)

UNITED STATES OF AMERICA;)

Defendant.)

Case No. MS-07-6337-MHW

**MOTION FOR RETURN OF PROPERTY UNDER
FEDERAL RULES OF CRIMINAL PROCEDURE 41(g)**

COME NOW Shelter Systems, LLC, a/k/a Shelter Systems Warehouse (hereinafter, "Systems"), Robert Fondry, Janet Meisinger, Jeff Kotchounian, Matt Pitagora, Dave Gillie, Dan Morrow, Karl Reile, Alan McConnell, Tom Olmsted, William H. Wesson, Dan Priest, and Vernon L. Robinson (hereinafter, "Plaintiffs"), by and through their attorneys, and for their Complaint, state as follows:

General Jurisdiction and Standing

1. This Honorable Court has jurisdiction and standing over this matter under Rule 41 of the Federal Rules of Criminal Procedure. Plaintiffs respectfully move this Honorable Court, pursuant to Rule 41(g), Fed. R. Crim. P., to return their property seized from the premises at the business located at 750 West Canfield Avenue, Coeur d'Alene, Idaho, 83815, pursuant to a search warrant issued in the District of Idaho by the Honorable Mikel H. Williams, United States Magistrate Judge, Case No. MS-07-6337-MHW and a seizure warrant issued in the Western District of North Carolina by the Honorable Dennis L. Howell, United States Magistrate Judge, Case No. 1:07-mj-001-DLH. Copies of the warrants are attached hereto as Exhibit A and are incorporated by reference as though fully set out herein.

2. Relief is sought pursuant to Rule 41(g) of the Federal Rules of Criminal Procedure, and pursuant to the First, Fourth, and Fourteenth Amendments to the United States Constitution, and pursuant to Rule 65, Federal Rules of Civil Procedure, and under certain statutes for equitable and other relief.

3. This Court has jurisdiction over Plaintiffs' claims arising under the Constitution and laws of the United States, pursuant to 28 U.S.C. § 1331, for those claiming deprivation of civil rights under 28 U.S.C. § 1343, for return of property under Rule 41(g) of the Federal Rules of Criminal Procedure, and for injunctive relief under Rule 65 of the Federal Rules of Civil Procedure.

Parties

4. Plaintiff Systems is a Wyoming limited liability company.

5. Plaintiff Robert Fondry is now, and at all times relevant hereto, an individual and resident of the State of South Carolina.

6. Plaintiff Janet Meisinger is now, and at all times relevant hereto, an individual and resident of the State of Colorado.

7. Plaintiff Jeff Kotchounian is now, and at all times relevant hereto, an individual and resident of the State of Michigan.

8. Plaintiff Matt Pitagora is now, and at all times relevant hereto, an individual and resident of the State of California.

9. Plaintiff Dave Gillie is now, and at all times relevant hereto, an individual and resident of the State of Michigan.

10. Plaintiff Dan Morrow is now, and at all times relevant hereto, an individual and resident of the State of California.

11. Plaintiff Karl Reile is now, and at all times relevant hereto, an individual and resident of the State of New York.

12. Plaintiff Alan McConnell is now, and at all times relevant hereto, an individual and resident of the State of Indiana.

13. Plaintiff Tom Olmsted is now, and at all times relevant hereto, an individual and resident of the State of Tennessee.

14. Plaintiff William H. Wesson is now, and at all times relevant hereto, an individual and resident of the State of Colorado.

15. Plaintiff Dan Priest is now, and at all times relevant hereto, an individual and resident of the State of California.

16. Plaintiff Vernon L. Robinson is now, and at all times relevant hereto, an individual and resident of the State of North Carolina.

17. Defendant United States includes the Department of Homeland Security, Department of the Treasury, Federal Bureau of Investigations, U.S. Secret Service, and U.S. Mint and their agents who conducted the search and seizure pursuant to the warrants attached hereto as Exhibit A.

Equitable Jurisdiction for the Return of Property

18. The search of the premises and seizure were conducted pursuant to warrants as described above. During the search and seizure, the agents seized numerous items from the premises. A copy of the inventory of the items seized, as prepared by the federal agents whom conducted the search, is attached hereto as Exhibit B. However, Exhibit B is not an exhaustive list of the items seized.

19. Plaintiff Systems has standing to bring this claim on behalf of itself and on behalf of others who are in fact the owners of the property that was seized because Plaintiff Systems is entitled to lawful possession of the property seized and because Plaintiff Systems is involved in a business from which the property was seized.

20. Plaintiffs Robert Fondry, Janet Meisinger, Jeff Kotchounian, Matt Pitagora, Dave Gillie, Dan Morrow, Karl Reile, Alan McConnell, Tom Olmsted, William H. Wesson, Dan Priest, and Vernon L. Robinson have standing to bring this claim on behalf of themselves as the rightful owners of property that was seized.

21. This Court has jurisdiction to order the return of the items seized upon a showing of (1) irreparable injury, and (2) that Plaintiffs otherwise lack a remedy at law. Plaintiffs contend and believe that they have been irreparably harmed by the actions of the United States. The irreparable harm includes, but is not limited to, denial of Plaintiffs' Fourth Amendment rights to protection from search and seizure based on an invalid warrant, Plaintiffs' Fourteenth Amendment rights to due process, interference with private contracts, and interference with business operation. The denial of Plaintiffs' constitutional rights is continuing and cannot be remedied unless this Court orders the return of Plaintiffs' property. Plaintiffs ask this Court to return all of the items seized from them. In the alternative, all such documents and items should be returned to the Plaintiffs with the United States preserving a copy or sample for future use, if any.

22. Plaintiffs are not the individuals or entities that are the targets of the criminal investigation, which is referenced in the warrants, Exhibit A. The individuals or entities referenced in the warrants, Exhibit A, are separate and distinct third-parties.

23. Plaintiffs Robert Fondry, Janet Meisinger, Jeff Kotchounian, Matt Pitagora, Dave Gillie, Dan Morrow, Karl Reile, Alan McConnell, Tom Olmsted, William H. Wesson, Dan Priest, and Vernon L. Robinson are the bearers of negotiable warehouse receipts, issued pursuant to the Uniform Commercial Code, and are the true owners of the warehoused property to which the negotiable warehouse receipts relate and that was

seized from the premises. Plaintiff Systems is the warehouseman (as defined by UCC § 7-102), bailee (as defined by UCC § 7-102), trustee, or person rightfully entitled to possession of the property seized by the United States on November 14, 2007 pursuant to the warrants, Exhibit A.

24. The individuals or entities that are the targets of the criminal investigation have not been indicted for the crimes alleged in the warrants. “Anomalous jurisdiction” gives federal district courts power to order suppression or return of unlawfully seized property even though no indictment has been returned and thus no criminal prosecution is yet in existence. Jurisdiction to order suppression or return prior to indictment exists not by virtue of any statute but rather is derived from the inherent authority of the Court over those who are its officers.

25. Even if an illegal act was committed with respect to their property, Plaintiffs did not know of or consent to the illegal use of their property, and, thus, Plaintiffs are not subject to forfeiture and are entitled to an immediate return of property seized from them.

26. Plaintiffs ask this Court to return all of the items seized from them. But, in order to prevent further violation of their constitutional rights and because property seized from the premises are numismatic and include a collector value, Plaintiffs request an order from the Court enjoining the United States from any additional handling, shipment, or movement of the seized property as mishandling numismatic material can negatively impact value.

27. The search and seizure in this case was unlawful and illegal because, among other reasons, the items were seized without probable cause, items were not

described in the search warrant which was itself overly broad, no search warrant was otherwise obtained as required by law, and the affidavit that was used to support and obtain the warrants was intentionally deceptive and misleading, as described herein.

28. Even if the search and seizure were lawful and legal, the United States no longer has a need to use the property that was seized as evidence, and such property should be returned to Plaintiffs, who are its rightful owners. The United States has the ability to photocopy items, retain only a sample of the property, or to condition the return of property on the United States' access to the property at a future time.

Facts and Analysis

29. Liberty Services, a sole proprietorship, has a place of business in the State of Indiana. Liberty Services is formerly known as NORFED, Inc., a dissolved corporation.

30. Bernard von NotHaus is an individual residing in the State of Indiana.

31. Bernard von NotHaus is an officer and the sole owner of Liberty Services.

32. The Liberty Dollar and Hawaii Dala, which are referenced in the warrants, Exhibit A, are private voluntary barter currencies.

33. Between the dates of October 1, 1998 and November 13, 2007, Plaintiffs Robert Fondry, Janet Meisinger, Jeff Kotchounian, Matt Pitagora, Dave Gillie, Dan Morrow, Karl Reile, Alan McConnell, Tom Olmsted, William H. Wesson, Dan Priest, and Vernon L. Robinson and/or other individuals entered into warehouse arrangements with Plaintiff Systems, pursuant to Uniform Commercial Code § 7-104.

34. Pursuant to the warehouse arrangements, Plaintiff Systems, issued Negotiable Warehouse Receipts to Plaintiffs Robert Fondry, Janet Meisinger, Jeff Kotchounian, Matt Pitagora, Dave Gillie, Dan Morrow, Karl Reile, Alan McConnell, Tom Olmsted, William H. Wesson, Dan Priest, and Vernon L. Robinson and/or other individuals, which are redeemable by the bearer of such receipts on demand for the property seized, a sample copy of which is attached hereto as Exhibit C (hereinafter “paper warehouse receipts”).

35. Pursuant to the warehouse agreement, Plaintiff Systems distributed Digital Warehouse Receipts to Plaintiffs Robert Fondry, Janet Meisinger, Jeff Kotchounian, Matt Pitagora, Dave Gillie, Dan Morrow, Karl Reile, Alan McConnell, Tom Olmsted, William H. Wesson, Dan Priest, and Vernon L. Robinson and/or other individuals, which are redeemable by the bearer of such receipts on demand for the property seized, a sample copy of which is attached hereto as Exhibit D (hereinafter “digital warehouse receipts”).

36. Pursuant to the plain language of both the paper warehouse receipts and digital warehouse receipts, the bearers are entitled to redeem such receipts with Plaintiff Systems, at any time before the expiration date on the receipts, for their Liberty Dollar medallions and Hawaii Dala medallions.

37. Pursuant to the plain language of both the paper warehouse receipts and the digital warehouse receipts, Plaintiff Systems, held the medallions as a “warehouseman,” as that term is defined by Uniform Commercial Code § 7-201. Pursuant to contract, Plaintiff Systems subcontracted limited duties derived from the receipts to Sunshine Minting, Inc.

38. The property warehoused was the Liberty Dollar medallions and Hawaii Dala medallions.

39. The paper warehouse receipts and digital warehouse receipts are negotiable and may be freely exchanged. The bearers of the receipts are entitled to reclaim the property being warehoused upon demand.

40. The bearers of the receipts are the owner of the underlying property that is being warehoused.

41. Plaintiff Systems, as the warehouseman, is entitled to possession of the medallions that are being warehoused until the bearers of the receipts timely reclaim the medallions.

42. Plaintiff Systems was subcontracting warehouse space from Sunshine Minting, Inc., 750 West Canfield Avenue, Coeur d'Alene, Idaho 83815 to fulfill its obligations under the paper warehouse receipts and digital warehouse receipts.

43. The property that was seized pursuant to the warrants, Exhibit A, is not the property of Bernard von NotHaus, NORFED, Inc., or others who are the targets of the criminal investigation.

44. In addition to the medallions that were seized, the United States seized from the premises pre-printed, paper warehouse receipts and dyes used in the minting of medallions, which were owned by Plaintiff Systems. The pre-printed warehouse receipts had not been issued. The pre-printed warehouse receipts and the dyes are inventory of Plaintiff Systems.

45. On November 14, 2007, federal agents including, but not limited to, criminal investigation agents of the FBI, Secret Service agents, and agents of the U.S.

Mint executed federal search warrants on the premises including, but not limited to, the warehouse facilities and fulfillment office at the premises. Plaintiffs have been provided with a copy of the warrants but have not been provided with the affidavit, which supported the application of the United States for the search warrant, included in Exhibit A, in Idaho.

46. Plaintiffs seek the immediate disclosure of the affidavit for search warrant. Plaintiffs have obtained a copy of the affidavit used in the proceeding to secure the seizure warrant in the District of North Carolina, which is attached as Exhibit E. Pursuant to the Fourth Amendment, Plaintiffs are entitled to receive a copy of the affidavit in support of the warrants after a search has been conducted and prior to any indictment.

47. In 2006, the U.S. Mint posted a warning regarding the Liberty Dollar medallions on its website (<http://www.usmint.gov/consumer/index.cfm?action=hotitems>) under the designation "Consumer Awareness – Hot Items" The warning, states, *inter alia*, that:

The United States Mint and the United States Department of Justice have received inquiries regarding the legality of these so-called "Liberty Dollar" medallions. The United States Mint urges consumers who are considering the purchase or use of these items to be aware that they are not genuine United States Mint bullion coins and they are not legal tender. These medallions are privately produced products and are not backed by, nor affiliated in any way with, the United States Government. Moreover, prosecutors with the Department of Justice have determined that the use of these gold and silver NORFED "Liberty Dollar" medallions as circulating money is a Federal crime. (Emphasis Supplied)

* * *

Therefore, NORFED's "Liberty Dollar" medallions are specifically intended to be used as current money in order to limit reliance on, and to compete with the circulating coinage of the United States. Consequently, prosecutors with the United States Department of Justice have concluded that the use of NORFED's "Liberty Dollar" medallions violates 18 U.S.C. § 486.

48. The Liberty Dollar medallions that were seized by the United States from the premises on November 14, 2007 were not "medallions...specifically intended to be used as current money in order to limit reliance on, and to compete with the circulating coinage of the United States," as alleged on the website of the U.S. Mint.

49. The Liberty Dollar medallions that were seized are warehoused property, which back the paper warehouse receipts and digital warehouse receipts, which comply with the Uniform Commercial Code. Only the receipts are intended for circulation and not the underlying medallions, which back the receipts.

50. As the receipts are not "coinage" they cannot violate 18 U.S.C. § 486, which only applies to coins. This conclusion is memorialized in an admission by Edmond C. Moy, Director of the U.S. Mint, in a letter dated November 28, 2006 to U.S. Senator Benson and attached hereto as Exhibit F.

51. The medallions that were seized from the premises in Coeur d'Alene are not intended for circulation, were never circulated, and cannot violate 18 U.S.C. § 486.

52. The medallions and the pre-printed paper warehouse receipts that were seized from the premises in Coeur d'Alene do not constitute contraband or other property subject to seizure.

53. On the face of the warrants, Exhibit A, the United States asserts that the warrant is conducted pursuant to alleged violations of 18 U.S.C. §§ 1956, 1957 ("Money Laundering"), 18 U.S.C. § 1341 ("Mail Fraud"), and 18 U.S.C. § 1343 ("Wire Fraud").

54. In the affidavit, Exhibit E, used by the United States to secure the search warrant from the Western District of North Carolina, the United States announces that it is investigating Plaintiffs for alleged violations of 18 U.S.C. §§ 486, 489 ("Counterfeiting"). However, these alleged violations are not the basis for the search warrant and seizure. Pursuant to 200 Atty. Gen. 210 (1891), the United States has acknowledged that it does not have authority to seize property for alleged violations of 18 U.S.C. §§ 486, 489.

55. The warrants, Exhibit A, on their face, purport to be conducted pursuant to 18 U.S.C. § 982(a)(1) ("Criminal Forfeiture"), which only allows for forfeiture in cases of conviction for violations of 18 U.S.C. §§ 1956, 1957 ("Money Laundering"), 18 U.S.C. § 1341 ("Mail Fraud"), and 18 U.S.C. § 1343 ("Wire Fraud").

Lack of Probable Cause

56. The allegations in the affidavit, Exhibit E, do not constitute *prima facie* allegations of probable cause to support a search and seizure for alleged violations of 18 U.S.C. §§ 1956, 1957 ("Money Laundering"), 18 U.S.C. § 1341 ("Mail Fraud"), and 18 U.S.C. § 1343 ("Wire Fraud").

57. Pursuant to the plain language of the affidavit, Exhibit E, there was no deception on the part of Bernard von NotHaus or NORFED in marketing and distributing either the Liberty Dollar medallions or the Hawaii Dala medallions. The affidavit acknowledges that the FBI metallurgy lab has tested the medallions, and they contain the weight and quality of silver as represented by Bernard von NotHaus and NORFED to customers. In addition, the affidavit indirectly acknowledges that Bernard von NotHaus and NORFED provided full disclosure to their customers and agents of how the face value of the medallion is calculated based upon the spot price of silver, minting costs, and profit margins. Thus, because full disclosure is made to customers and agents before any sale occurs, the allegation of the United States that Mail Fraud or Wire Fraud has occurred is without merit.

58. If Mail Fraud and Wire Fraud had occurred, the Plaintiffs would be victims. Plaintiffs declare that no Mail Fraud or Wire Fraud has been committed upon them by Bernard von NotHaus or NORFED, and Plaintiffs are not victims.

59. The affidavit, Exhibit E, provides no facts to support its claim that Money Laundering has been committed. An unsupported statement in an affidavit does not constitute probable cause for a search and seizure.

60. Neither Plaintiffs, von NotHaus, NORFED, nor any other representative or agent of the Liberty Dollar organization have represented the Liberty Dollar medallions as legal tender, current money, or coin. Liberty Dollar has encouraged persons who utilize the barter currency to offer it to merchants as barter payment for goods and services but not as legal tender, current money, or coin. Thus, the use of the mail system or wire communications system to market and distribute gold or silver Liberty

“medallions” as a “private voluntary barter currency” cannot constitute Mail Fraud or Wire Fraud. Nevertheless, the Liberty Dollar medallions, which were seized from the premises, were not intended for circulation and were only intended to back the paper warehouse receipts and digital warehouse receipts.

61. The Hawaii Dala does not contain any markings or symbol, which could suggest that it is a product of the U.S. Mint or other foreign government. A medallion representing a depiction from the Hawaii kingdom cannot fall under the counterfeiting statutes because Hawaii does not constitute a foreign government and such depiction cannot suggest that it is a product of the U.S. Mint.

62. The affidavit, Exhibit E, does not assert that the “fair market value” of the minted Liberty Dollar or Hawaii Dala valued in U.S. dollars, is less than the face amount on each medallion. In the affidavit, Exhibit E, the United States arbitrarily asserts that the face amount of each medallion is more than the spot market price of the precious metal contained in each coin. In valuing each medallion, the United States fails to take into account the premium that the market commands for production, minting, and overhead costs to market a product for barter with silver and gold medallions. In addition, in valuing each medallion, the United States fails to take into account the numismatic collector value that the market commands for the minted Liberty Dollar medallions or Hawaii Dala medallions.

63. Because the allegations of fact contained in the affidavit, Exhibit E, do not constitute a violation of 18 U.S.C. §§ 1956, 1957 (“Money Laundering”), 18 U.S.C. § 1341 (“Mail Fraud”), and 18 U.S.C. § 1343 (“Wire Fraud”), the United States did not have probable cause to conduct the search and seizure on November 14, 2007.

64. The affidavit, Exhibit E, incorrectly alleges that an unsuspecting individual may unwittingly accept the Liberty Dollar medallion or Hawaii Dala medallion as change, believing that they are receiving U.S. currency.

65. As a comparison, the affidavit compares a \$20 Liberty Dollar medallion to the 1946 Roosevelt Dime, 2007 U.S. Mint Platinum Eagle Coin, and the 2007 U.S. Mint Presidential Coin.

66. The 2007 U.S. Mint Platinum Eagle Coin is not a medium of exchange in commerce, and, thus, there is no realistic threat that an unsuspecting individual will accept a Liberty Dollar medallion in the place of a 2007 U.S. Mint Platinum Eagle Coin.

67. In addition, because the \$1 U.S. Mint Presidential Coin is the largest denomination of coinage, which is a medium of exchange in commerce at the time of the seizure, there is no realistic threat that a \$20 Liberty Dollar will be inadvertently received in place of a \$20 U.S. currency piece.

68. A \$20 Liberty Dollar medallion is sufficiently discernable and different from the 1946 Roosevelt Dime and the 2007 U.S. Mint Presidential Coin in size, color and content to ensure that it will not be inadvertently received in their place.

69. The affidavit of the United States, Exhibit E, which was submitted to the Western District of North Carolina, Honorable Dennis L. Howell, United States Magistrate Judge, Case No. 1:07-mj-00121-DLH, in order to obtain the seizure warrant, included in Exhibit A, is materially and intentionally misleading.

70. In an attempt to show that the medallions at issue are “easily confused with U.S. currency,” the United States, in the affidavit, Exhibit E, compares photocopied

images of a \$20 Liberty Dollar medallion to images of the 1946 Roosevelt Dime and the 2007 U.S. Mint Presidential Coin.

71. The photocopy of the \$20 Liberty Dollar medallion is resized to match the size of the photocopies of the 1946 Roosevelt Dime and the 2007 U.S. Mint Presidential Coin. In addition, the black and white photocopies hide the distinguishing color difference between the \$20 Liberty Dollar medallion and the 2007 U.S. Mint Presidential Coin. The photocopies are intentionally and deceptively designed by the United States to mislead the Magistrate Judge into believing that the medallion is similar in size, weight, and color to the U.S. coins.

72. In reality, the Liberty Dollar is too large in size, too large in weight, and too distinctive in color to be easily confused with the 1946 Roosevelt Dime or the 2007 U.S. Mint Presidential Coin. The \$20 Liberty Dollar medallion is 1 1/2 inches in diameter, while the 1946 Roosevelt Dime and the 2007 U.S. Mint Presidential Coin are 11/16 inch and 1 1/16 inches in diameter, respectively. A 2007 U.S. Mint Presidential Coin is golden in color, while the \$20 Liberty Dollar is silver.

73. Had the Magistrate Judge been presented with an accurate description of the size, weight, and color of the medallion in comparison to the 1946 Roosevelt Dime and the 2007 U.S. Mint Presidential Coin, there would have been no basis for the statement of the United States, in the affidavit, Exhibit E, that the medallions are “easily confused with U.S. currency.”.

74. Without the misleading depictions of the size, weight, and color of the medallion in comparison to the 1946 Roosevelt Dime and the 2007 U.S. Mint Presidential Coin, there is no probable cause for the issuance of the warrants.

75. The misleading depictions in the affidavit, Exhibit E, of the size, weight, and color of the medallion in comparison to the 1946 Roosevelt Dime and the 2007 U.S. Mint Presidential Coin violate the Fourth and Fourteenth Amendments to the Constitution.

Warrant is Overly-Broad

76. The warrant is overbroad because it fails the particularity requirement of the Fourth Amendment where it authorizes seizure of “American Liberty Dollar and/or Hawaii Dala currency and or precious metals of gold, silver, copper, platinum, or other substance and/or United States currency holdings”. Such items are not contraband or dangerous instrumentality.

77. The search and seizure on November 14, 2007 exceeded the scope of the warrants because the federal agents seized materials included on the United States’ inventory, Exhibit B, which are not included on the face of the warrants. Other items seized by the federal agents are not included in the warrant.

Relief Sought

78. Plaintiffs seek an immediate return of their property seized at the premises and delivery to Plaintiff Systems. In the alternative, Plaintiffs seek a temporary restraining order, and preliminary injunction, as well as a final injunction, prohibiting the United States from additional handling, shipment, or movement of the seized property.

79. In addition, Plaintiffs seek an Order requiring the United States to provide to Plaintiffs a copy of the affidavit that was submitted by the United States to secure the search warrant, included in Exhibit A, in Idaho in the case at hand.

80. Plaintiffs seek an Order requiring the United States to provide a more detailed inventory of the property seized at the premises.

Respectfully submitted,

SIEBE LAW OFFICES

By: 

JAMES E. SIEBE
Attorney for Plaintiffs

CERTIFICATE OF SERVICE

I hereby certify that on the 17 day of June, 2008, I served a true and correct copy of the foregoing document by the method indicated and addressed to the following:

Thomas E. Moss, U.S. Attorney
800 Park Boulevard, Suite 600
Boise, ID 83712-9903

(☒) U.S. Mail
() Hand Delivered
() Fax
() Overnight Mail

Assistant U.S. Attorney Jill Rose
Room 207, U.S. Courthouse
100 Otis Street
Asheville, NC 28801

(☒) U.S. Mail
() Hand Delivered
() Fax
() Overnight Mail

Michael B. Mukasey
United States Attorney General
United States Department of Justice
Civil Process Clerk
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

(☒) U.S. Mail
() Hand Delivered
() Fax
() Overnight Mail

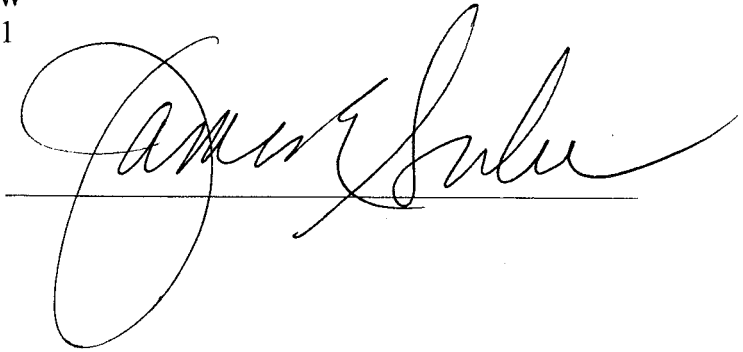
A handwritten signature in black ink, appearing to read "James E. Sullivan", is written over a horizontal line.

EXHIBIT A

AO 93 (Rev. 12/03) Search Warrant

UNITED STATES DISTRICT COURT

JUDICIAL

District of IDAHO

In the Matter of the Search of

(Name, address or brief description of person or property to be searched)

FILED UNDER SEAL

SEARCH WARRANT

MHW
WRL
Sunshine Mint
aka Sunshine Minting, Inc.
750 West Canfield Avenue
Coeur d'Alene, Idaho 83815

Case Number: MS-07-6337-MHW

TO: Special Agent William Long and any Authorized Officer of the United States

Affidavit(s) having been made before me by Special Agent William Long who has reason to believe
Affiant

that on the person of, or ☒ on the premises known as (name, description and/or location)
Sunshine Mint, aka Sunshine Minting, Inc., 158 West Canfield Avenue, Coeur d'Alene, Idaho 83815. See Attachment A
attached hereto. 750 WRL/MHW

in the Judicial District of Idaho there is now
concealed a certain person or property, namely (describe the person or property)
See Attachment B attached hereto

I am satisfied that the affidavit(s) and any record testimony establish probable cause to believe that the person or property so described
is now concealed on the person or premises above-described and establish grounds for the issuance of this warrant.

YOU ARE HEREBY COMMANDED to search on or before Nov 19, 2007

Date

(not to exceed 10 days) the person or place named above for the person or property specified, serving this warrant and making the
search in the daytime — 6:00 AM to 10:00 P.M. at anytime in the day or night as I find reasonable cause has been
established and if the person or property be found there to seize same, leaving a copy of this warrant and receipt for the person
or property taken, and prepare a written inventory of the person or property seized and promptly return this warrant to

Mikel H. Williams

as required by law.

U.S. Magistrate Judge (Rule 41(f)(4))

Nov 9, 2007

10:21 a.m.

Date and Time Issued

at Boise, Idaho

City and State

Mikel H. Williams, U.S. Chief Magistrate Judge

Name and Title of Judge

Signature of Judge

Mikel H. Williams

Sunshine Mint

Attachment B

List of Items to be seized

1. Records including Certified and Registered mail receipts, written records or printed matter of any kind, receipts, bank statements and records, financial statements, loan applications and records, wills, real estate records, money drafts, letters of credit, money orders, cashier's checks, safe deposit box keys, records and agreements, correspondence, memoranda, notes, diaries, statistics, letters, telephone toll records, contracts, reports, checks, cancelled checks, copies of checks, ledgers, journals, registers, vouchers, slips, bills, calendars, day planners, address books, books, pads, notebooks, files, logs, lists, bulletins, credit materials, data bases, teletypes, telefaxes, facsimile, email, invoices, notes from the RCO Congress, worksheets, work papers, graphic records or representations, photographs, slides, drawings, designs, graphs, charts, pictures, sketches, images, films, videotapes, oral records or representations, tapes, disks, telephone messages in any media, and other documents evidencing the obtaining, secreting, transfer, and/or concealment of assets, and the obtaining and/or secreting currency equivalents, Federal Express (FEDEX), United Parcel Service (UPS), Airborne express and other courier company receipts, letters, notary receipts, stamps, notary records, drafts, documents with modifications which may have been created or stored, including, but not limited to, any handmade form (such as writing, drawing, painting, with any implement on any surface, directly or indirectly); any photographic form (such as microfiche, prints, slides, negatives, videotapes, motion pictures, photocopies); and any mechanical form (such as phonograph records, printing, or typing) related to the Sunshine Mint; Verified First Technologies, Inc.; ProDocument Solutions; Clark, Anderson, McNelis & Co.; Anderson Brothers CPAs; NORFED; the Liberty Dollar, Inc.; Liberty Dollar Services, Inc.; and any other entity related to the Liberty Dollar or the Hawaii Dala.

2. Records which associate as yet unknown co-conspirators to the criminal acts described or related to those described in the attached affidavit including contact lists, internet website lists, documents related to marketing

and/or distribution and/or creating of the Liberty Dollar or the Hawaii Dala coinage, eDollars, warehouse receipts; mail fraud; conspiracy; or other criminal violations; and items utilized to commit the described criminal activity.

3. Computer related items to include, software, and instructions, computer storage devices including hard disks, diskettes, tapes, CD-ROMS, laser disks, optical discs, printer buffers, smart cards, memory calculators, electronic dialers, Bernoulli drives, zip drives, Personal Digital Assistants (PDA), electronic notebooks, USB drives, and others, as well as printouts or readouts from any magnetic storage device.

4. Items used to create the Liberty Dollar or Hawaii Dala coinage, eDollars, warehouse receipts, including, but not limited to presses; lasers; micrometers; ingots; coins; silver, gold, platinum, or copper in any form; eDollar supplies; art work; scales; marking devices; plates; molds; numismatic striking equipment; and programming software used in the manufacturing process.

5. Items used to market the Liberty Dollar or Hawaii Dala coinage, eDollars, warehouse receipts, including, but not limited to t-shirts, mouse pads, counter top mats, signs, pamphlets, flyers, bumper stickers, window stickers, decals, trinkets, props that look like Liberty Dollar or Hawaii Dala currency, books, software, compact discs, tapes, news clips, and media productions.

6. Financial information including credit card information; checks; bank statements/records; wire transfer records; records of commodity purchases from the New York Commodity Exchange; on-line purchasing information, including PayPal; records of delivery of precious metals; shipping and receiving invoices; records of auditing procedures and results; inventories of precious metals; Sunshine Mint Safekeeping Account records; and correspondence between the Sunshine Mint; Verified First Technologies, Inc.; Clark, Anderson, McNelis & Co.; Anderson Brothers CPAs; NORFED; the Liberty Dollar, Inc.; Liberty Dollar Services, Inc.; and any other entity related to the Liberty Dollar or the Hawaii Dala.

7. Membership lists including lists of Regional Currency Officers, Liberty Dollar Associates, merchant lists, contact information for individuals, businesses, or organizations that have purchased Liberty Dollar currency, and other documents that identify participants and associates of Liberty Dollar

From:

208 772 9739

12/14/2007 11:17

#325 P.004/005

Services, Inc./NORFED.

8. Liberty Dollar and/or Hawaii Dala currency.

TOTAL COIN INVENTORY

DAY 1				DAY 2			
Inv. Page	Coins	Multiplier	Total	Inv. Page	Coins	Multiplier	Total
7	500	1	500.00	7	500	1	500.00
7	2	0.5	1.00	8	213	1	213.00
8	213	1	213.00	11	960	11	10,560.00
10	960	6	5,760.00	18	958	2	1,916.00
11	960	21	20,160.00	18	320	1	320.00
12	960	21	20,160.00	19	320	6	1,920.00
13	960	21	20,160.00	19	110	1	110.00
14	960	21	20,160.00	19	67	1	67.00
15	960	21	20,160.00	19	39	1	39.00
16	960	21	20,160.00	19	27	1	27.00
17	960	21	20,160.00	26	36	1	36.00
18	960	21	20,160.00	0	2	1	2.00
18	958	2	1,916.00	0	2	1	2.00
18	320	1	320.00	7	2	0.5	1.00
19	320	6	1,920.00	19	410	0.5	205.00
19	110	1	110.00	19	300	0.5	150.00
19	67	1	67.00	Total			16,068.00
19	39	1	39.00				
19	27	1	27.00	Silver Bars			10,720.59
26	36	1	36.00	Grand Total			180,388.59
26	2	1	2.00				
	2	1	2.00				
19	410	0.5	205.00	Day 1 + Day 2			16,000.05
19	300	0.5	150.00	Silver Bars			196,388.64 OUNCES
Total Silver Coins			169,668.00	Total			15,100 ounces

11/29/07 1,000 15 oz Peace Dollars
 11/26/07 1,000 5 oz Peace Dollars

[Signature]

Silver
 Gold
 11/20/07

From:

208 772 9739

12/14/2007 11:10

#324 P.001/004

NOV-15-2007 15:23

FBI ASHEVILLE RA

P.01/02

United States District Court

Western

DISTRICT OF

North Carolina

In the Matter of the Seizure of
(Address or brief description of property or premises to be seized)

SEIZURE WARRANT

Sunshine Mining, Inc., 750 West Canfield Avenue, Coeur d'Alene, Idaho 83815

Precious metal holdings, Safekeeping Account holdings, and United States Currency related to Mary S. Nothhouse and Bernard von Nothaus.

CASE NUMBER:

TO: SA Stuart M. Kelley, FBI and any Authorized Officer of the United States

Affidavit(s) having been made before me by SA Stuart M. Kelley, FBI who has reason to believe that in the Western District of North Carolina there is now certain property which is subject to forfeiture to the United States, namely (describe the property to be seized)

Sunshine Mining, Inc., 750 West Canfield Avenue, Coeur d'Alene, Idaho 83815

Precious metal holdings, Safekeeping Account holdings, and United States Currency related to Mary S. Nothhouse and Bernard von Nothaus. are forfeitable to the United States under 18 U.S.C. § 982 (a)(1) because it is property involved in, or traceable to, money laundering, in violation of 18 U.S.C. § 1956 and 1957; under 18 U.S.C. § 982 (a)(3) because it is, or is traceable to, gross receipts and proceeds obtained, directly or indirectly, as a result of mail fraud, in violation of 18 U.S.C. § 1341, and wire fraud, in violation of 18 U.S.C. § 1343. Authority for this warrant is provided by 18 U.S.C. § 981(b) and 21 U.S.C. § 853(f).

I am satisfied that the affidavit(s) and any recorded testimony establish probable cause to believe that the property so described is subject to seizure and that grounds exist for the issuance of this seizure warrant.

YOU ARE HEREBY COMMANDED to seize within 10 days the property specified, serving this warrant and making the seizure (In the daytime -- 6:00 A.M. to 10:00 P.M.) (at any time in the day or night as I find reasonable cause has been established), leaving a copy of this warrant and receipt for the property seized, and prepare a written inventory of the property seized and promptly return this warrant to any U.S. Magistrate Judge as required by law.

U.S. Judge or Magistrate

5:48pm November 15, 2007
Time and Date Issued

at Asheville, North Carolina
City and State

Dennis L. Howell, U.S. Magistrate Judge
Name and Title of Judicial Officer

Dennis L. Howell
Signature of Judicial Officer

From:

208 772 9739

12/14/2007 11:11

#324 P.002/004

NOV-15-2007 18:23

FBI ASHEVILLE RA

P.02/02

RETURN

DATE WARRANT RECEIVED

DATE AND TIME WARRANT EXECUTED

COPY OF WARRANT AND RECEIPT FOR ITEMS LEFT WITH

INVENTORY MADE IN THE PRESENCE OF

INVENTORY OF PERSON OR PROPERTY TAKEN PURSUANT TO THE WARRANT

CERTIFICATION

I swear that this Inventory is a true and detailed account of the person or property taken by me on the warrant.

Subscribed, sworn to, and returned before me this date.

U.S. Judge or Magistrate

Date

TOTAL P.02

AO 109 (2/90) Seizure Warrant

COPY
United States District CourtWestern

DISTRICT OF

North Carolina

In the Matter of the Seizure of

(Address or brief description of property or premises to be seized)

SEIZURE WARRANT

American Liberty Dollar and/or Hawaii Dala currency and/or precious metals of gold, silver, copper, platinum or other substance, Safekeeping Account holdings, and United States currency holdings for The National Organization for the Repeal of the Federal Reserve and Internal Revenue Code (NORFED) dba, Liberty Services, Inc. located at Sunshine Minting, Inc., 750 West Canfield Avenue, Coeur d'Alene, Idaho 83815.

CASE NUMBER: 1:07 mj 121TO: SA Andrew F. Romagnuolo, FBI and any Authorized Officer of the United States

Affidavit(s) having been made before me by SA Andrew F. Romagnuolo, FBI who has reason to believe that in the Western District of North Carolina there is now certain property which is subject to forfeiture to the United States, namely (describe the property to be seized)

American Liberty Dollar and/or Hawaii Dala currency and/or precious metals of gold, silver, copper, platinum or other substance are forfeitable to the United States under 18 U.S.C. § 982 (a)(1) because it is property involved in, or traceable to, money laundering, in violation of 18 U.S.C. § 1956 and 1957; under 18 U.S.C. § 982 (a)(3) because it is, or is traceable to, gross receipts and proceeds obtained, directly or indirectly, as a result of mail fraud, in violation of 18 U.S.C. § 1341, and wire fraud, in violation of 18 U.S.C. § 1343. Authority for this warrant is provided by 18 U.S.C. § 981(b) and 21 U.S.C. § 853(f).

I am satisfied that the affidavit(s) and any recorded testimony establish probable cause to believe that the property so described is subject to seizure and that grounds exist for the issuance of this seizure warrant.

YOU ARE HEREBY COMMANDED to seize within 10 days the property specified, serving this warrant and making the seizure (in the daytime -- 6:00 A.M. to 10:00 P.M.) (at any time in the day or night as I find reasonable cause has been established), leaving a copy of this warrant and receipt for the property seized, and prepare a written inventory of the property seized and promptly return this warrant to any U.S. Magistrate Judge as required by law.

U.S. Judge or Magistrate

4:39 pm November 9, 2007

Time and Date Issued

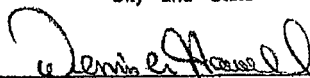
at

Asheville, North Carolina

City and State

Dennis L. Howell, U.S. Magistrate Judge

Name and Title of Judicial Officer



Signature of Judicial Officer

#324 P.004/004

RETURN		
DATE WARRANT RECEIVED	DATE AND TIME WARRANT EXECUTED	COPY OF WARRANT AND RECEIPT FOR ITEMS LEFT WITH
INVENTORY MADE IN THE PRESENCE OF		
INVENTORY OF PERSON OR PROPERTY TAKEN PURSUANT TO THE WARRANT		
CERTIFICATION		
I swear that this inventory is a true and detailed account of the person or property taken by me on the warrant.		
Subscribed, sworn to, and returned before me this date.		
_____ U.S. Judge or Magistrate		_____ Date

EXHIBIT B

EXHIBIT C

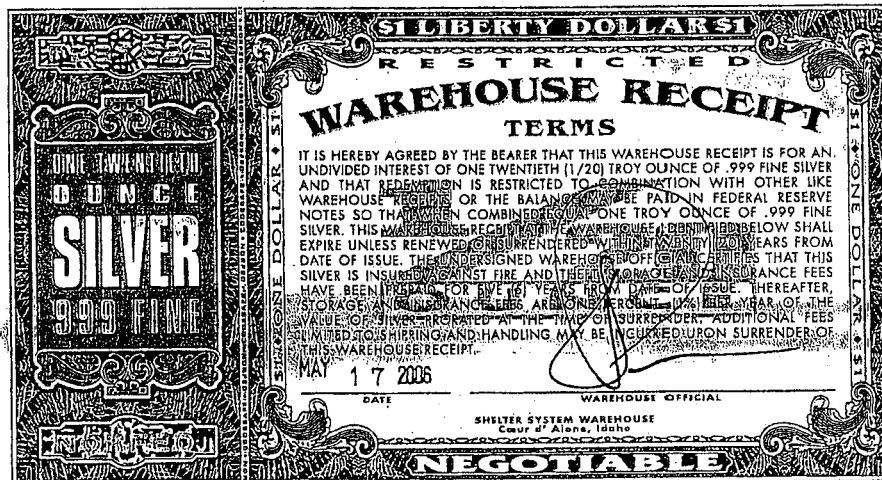
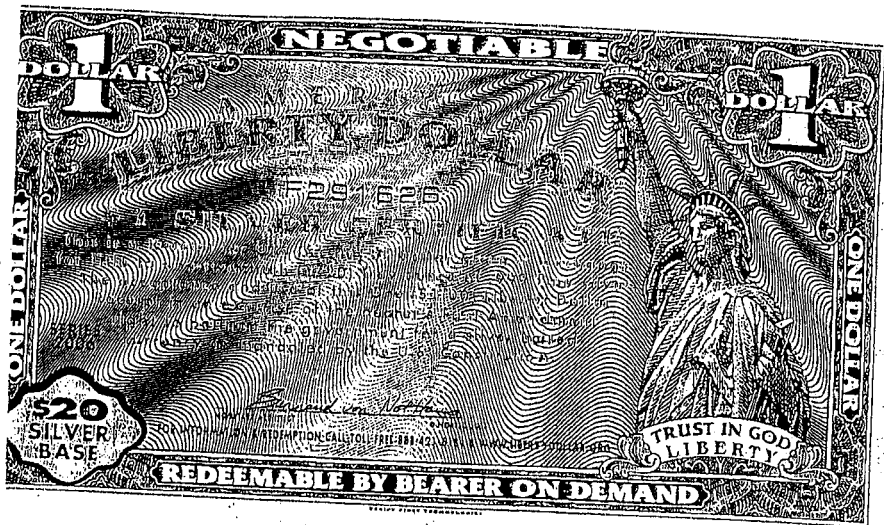


EXHIBIT D

FROM :

FAX NO. :

May. 08 2008 12:56PM P1

DIGITAL WAREHOUSE RECEIPT

SERIAL NO: 00327

THIS DIGITAL WAREHOUSE RECEIPT ISSUED BY SUNSHINE MINING INC.
OF COEUR D'ALENE IDAHO TO NORFED INC. OF LAS VEGAS, NEVADA IS FOR
FIVE HUNDRED (500) TROY OUNCES OF 999 FINE SILVER.

THE UNDERSIGNED WAREHOUSE OFFICIAL CERTIFIES THAT THIS SILVER IS STORED
AT SUNSHINE MINING AND THAT IT IS INSURED AGAINST FIRE AND THEFT AND
THAT STORAGE AND INSURANCE FEES HAVE BEEN PREPAID AND THAT NO
ADDITIONAL FEES WILL BE INCURRED UPON SURRENDER OF THIS
WAREHOUSE RECEIPT FOR REDEMPTION BY NORFED.

THIS DIGITAL WAREHOUSE RECEIPT SHALL EXPIRE UNLESS RENEWED OR
SURRENDERED WITHIN TWENTY (20) YEARS FROM DATE OF ISSUE.

08/15/06
DATE OF ISSUE

Tom Power

WAREHOUSE OFFICIAL PRINTED NAME

WAREHOUSE OFFICIAL SIGNATURE

DATE OF SURRENDER

WAREHOUSE OFFICIAL PRINTED NAME

WAREHOUSE OFFICIAL SIGNATURE

DATE AND SIGNATURE OF AUDITOR VERIFYING SURRENDER

EXHIBIT E

FILED
ASHEVILLE, N.C.

NOV - 9 2007

U.S. DISTRICT COURT
W. DIST. OF N.C.

WESTERN DISTRICT OF NORTH CAROLINA

ASHEVILLE, NORTH CAROLINA

AFFIDAVIT

Nos: 1:07mj 119, 120
121 & 122

This affiant, Andrew F. Romagnuolo, Special Agent, Federal Bureau of Investigation, being duly sworn, states the following:

I am a Special Agent of the Federal Bureau of Investigation(FBI), Charlotte Division, Asheville, North Carolina Resident Agency. This affiant has been employed as a Special Agent of the FBI for approximately nine years and ten months.

I am presently investigating violations of Federal Laws, specifically violations of Title 18 United States Code, Section 486, Uttering coins of gold, silver or other metal, Title 18 United States Code, Section 489, making or possessing likeness of coins, Title 18 United States Code, Section 1341, Mail Fraud, Title 18 United States Code, Section 1343, Wire Fraud, Title 18 United States Code, Sections 1956 and 1957, Money Laundering, and Title 18 United States Code, Section 371, Conspiracy.

As a result of personal participation in the investigative matters referred to in this affidavit, and based upon reports made to me by other law enforcement officers and private citizens, I am familiar with the facts and circumstances of this investigation. On the basis of that familiarity, I state the following:

NORFED AND THE AMERICAN LIBERTY DOLLAR:

The National Organization for the Repeal of the Federal Reserve and Internal Revenue Codes (NORFED) creates and issues a monetary currency called the American Liberty Dollar. As the organization's name implies, the goal of NORFED is to undermine the United States government's financial systems by the issuance of a non-governmental competing currency for the purpose of repealing the Federal Reserve and the Internal Revenue Code. The currency violations cited above support the additional federal violations including mail fraud, wire fraud, and conspiracy.

NORFED was recently renamed Liberty Services, Inc., also known as The Liberty Dollar. The name change came following a United States Mint warning that prosecutors with the Department of Justice had determined that the Liberty Dollar currency creation and usage violated federal law. The

1 purpose of the name change ostensibly was the removal of the
2 political goals and language inherent in the name "National
3 Organization for the Repeal of the Federal Reserve and
4 Internal Revenue Code" (NORFED). However, the name NORFED is
5 located on the minted Liberty Dollar coin. For the purpose
6 of this affidavit the company will be referred to as NORFED.

7 The currency, called the American Liberty Dollar a.k.a.
8 Liberty Dollar (ALD), exists in three forms; paper currency
9 called warehouse receipts, coins, and Digital or eDollars.

10 NORFED claims to have approximately \$21,000,000.00 in ALD
11 currency in circulation to date.

12 **NORFED LEADERSHIP:**

13 **BERNARD VON NOTHAUS** is the founder of the American Liberty
14 Dollar currency, the founder of NORFED, the self-described
15 monetary architect and Executive Director of Liberty Dollar
16 Services, Inc., and is also the Regional Currency Officer,
17 Evansville, Indiana. Von Nothaus is also a member of the
18 NORFED Executive Committee.

19 **WILLIAM KEVIN INNES** is the Asheville, NC, Regional Currency
20 Officer for the Liberty Dollar organization and one of three
21 members of the NORFED Executive Committee.

22 **SARAH BLEDSOE** is the NORFED Fulfillment Office Manager in
23 Evansville, Indiana.

24 **MICHAEL JOHNSON** was chosen by von Nothaus as his successor as
25 the Executive Director of NORFED. Johnson's position was
26 announced on 08/29/06. However, shortly after the US Mint
27 press release which notified NORFED that prosecutors with the
28 Department of Justice had determined that their currency was
a violation of the Federal law, Johnson resigned. Johnson's
resignation was announced on 11/28/06, at which time, von
Nothaus resumed duties as the Executive Director.

On 11/28/06, Von Nothaus sent an email "LIBERTY DOLLAR NEWS:
November 2006 Vol. 8 No. 11," which contained twelve notes.
The second note in the newsletter indicated,

"It is with shock and disappointment that I must
inform you that Mike Johnson has resigned, telling
me he was too "concerned" to be the Executive
Director. So now I have to add "courage" to my
list of requirements for an Executive Director. Of
course this experience cost us a lot of money as we
invested in Mike with the idea that he would
generate more volume, but that was not the case.
In fact, we have very little for his 2-1/2 months
on the job. We wish Mike well and are now
accepting applications for a new "courageous"
Executive Director, please."

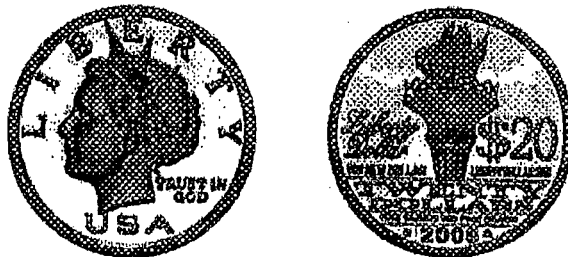
FEDERAL BUREAU OF INVESTIGATION UNDERCOVER OPERATION:

From August of 2005 until July of 2007, The Federal Bureau of Investigation (FBI) conducted an Undercover Operation to determine the legality of the American Liberty Dollar Currency. A Cooperating Witness (CW) and three FBI Undercover Employees (UCE) joined NORFED as Liberty Dollar Associates. The information provided within this affidavit is derived from public source information from the media, NORFED'S websites, NORFED'S materials collected by Cooperating Witnesses and Undercover Employees, collected evidence from search warrants, consensual recordings of conversations, and other traditional investigative means.

AMERICAN LIBERTY DOLLAR (ALD) COINS:

The Liberty Dollar coins, which NORFED calls "Liberties" or "medallions," are made of silver, gold, or copper depending upon the denomination of the coin. The word Liberty is scrolled across the top front of the coin. The image of a head wearing a crown, the letters USA, and "Trust In God" are also located on the front side of the coin. On the reverse, a torch, the words "Liberty Dollar" and the date are present. The combinations of images and wording are similar to the images and wording which appear on United States Mint coinage to the point that the ALD coins are easily confused with legitimate United States Currency.

The images below are of an American Liberty Dollar \$20.00 denomination coin:

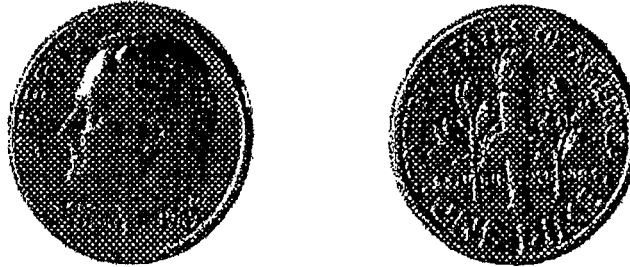


The images below are of similar United States Mint coinage:

US Mint 2007 Platinum Eagle coin



Roosevelt Dime 1946 - present



US Mint 2007 \$1.00 Presidential Coins



Title 18 United States Code (U.S.C.) Section 489 states:

Making or possessing likeness of coins

"Whoever, within the United States, makes or brings therein from any foreign country, or possesses with intent to sell, give away, or in any other manner uses the same, except under authority of the Secretary of the Treasury or other proper officer of the United States, any token, disk, or device in the likeness or similitude as to design, color, or the inscription thereon of any of the coins of the United States or of any foreign country issued as money, either under the authority of the United States or under the authority of any foreign government shall be fined under this title."

HAWAII DALA:

The Hawaii Dala coins are precious metal medallions of the same weights and face value denominations as the Liberty Dollar, and bear the same trademark as the Liberty Dollar. The reverse of the coin indicates the words "Liberty Dollar." The Hawaii Dala also exists in the form of warehouse receipts, similar to the Liberty Dollar.

1 According to the website, the Hawaii Dala is marketed in the
2 same way as the Liberty Dollar, as a voluntary local
currency.

3 On 12/18/06, Coin World magazine released an article
4 entitled, Husband, wife lease Royal Hawaiian Mint NORFED
founder issues RHM piece. A portion of the article reads as
follows:

5 "... New silver issues under the RHM hallmark,
6 along with the recent Hawaii Dala medal, are being
7 produced by the Sunshine Mint in Coeur d'Alene,
Idaho, although the pieces will carry the RHM
hallmark.

8 Since von Nothaus was responsible for the new
9 silver release under the RHM banner, the reverse is
10 struck with his personal registered hallmark, which
has the letters rhm followed by a triangle with a
11 circle and the letter b inside. All other future
RHM issues will likely carry just the RHM hallmark
without von Nothaus' personal mark."

12 On 08/29/07 a website search for the Hawaii Dala indicated
13 that the destination website was www.norfed.org. Once in the
www.norfed.org website, a user may choose the link "Money &
14 Currency" which will send the user to a menu whereby the
Hawaii Dala is listed. The caption indicates, "The Hawaii
15 Dala - first officially issued in January 2007 - explodes the
evolving Liberty Dollar concept." The link sends the user to
16 www.hawaiidala.com, which indicates that payments may be made
to "Royal Hawaiian Mint" and mailed to the Royal Hawaiian
17 Mint Fulfillment Office, 225 N. Stockwell Road, Evansville,
IN 47715, the same address as the Liberty Dollar Fulfillment
18 Office.

19 On 3/24/07, during a consensually recorded meeting with a UCE
of the FBI, von Nothaus spoke of the Hawaii Dala. Regarding
20 the five dollar (\$5.00) Hawaii Dala, von Nothaus stated, "the
Princess Kailani piece is undoubtedly one of the most
21 beautiful pieces that I've ever done."

22 Based upon the information collected regarding the Hawaii
Dala, and other variations of coinage created and marketed by
23 von Nothaus and NORFED, including Liberty Dollars/Libertads
from Panama and Ecuador, it is clear that they are part of
24 the same scheme and violate the same statutes as the Liberty
Dollar.

25 CURRENCY BACKED BY PRECIOUS METAL:

26 NORFED markets the warehouse receipts and eDollars as "100%
27 backed by silver." Audits and the NORFED website at
www.libertydollar.org indicate that each edollar and
28 warehouse receipt are backed by one troy ounce of .999 fine

1 silver. A \$20.00 ALD warehouse receipt backed by one troy
2 ounce of .999 fine silver is valued at the daily spot price
3 of silver. As of 11/08/07, according to www.kitco.com, the
4 New York Spot Price of silver is \$15.34, which would be a
5 \$4.66 value shortfall for every eDollar and warehouse receipt
6 issued in the \$20.00 ALD denomination. Even under NORFED's
7 own auditing standards, the ALD currency is not "100% backed
8 by silver" as advertised. A one troy ounce coin of the ALD
9 currency is currently minted as a \$20.00 denomination coin.
10 The actual value of the ounce of silver is also the daily
11 spot price of silver. As of 11/08/07, the shortfall for the
12 coins would be the same as the eDollar or warehouse receipt,
13 \$4.66.

14 The Federal Bureau of Investigation (FBI) Laboratory
15 conducted metallurgy testing on a ten dollar base, \$10.00
16 denomination American Liberty Dollar (ALD) coin and confirmed
17 that the coin consisted of one troy ounce of .999% fine
18 silver.

19 The NORFED Headquarters, which the organization refers to as
20 the Fulfillment Office, is the contact to purchase ALD
21 currency and to manage the recruitment of new members.
22 NORFED sells the ALD currency at different prices dependant
23 upon the level of membership of a participant.

24 There are three basic levels of membership. The first is a
25 regional marketer called a Regional Currency Officer (RCO).
26 The RCO pays an annual fee to obtain a region where they are
27 responsible for the marketing of the ALD and for recruiting
28 Liberty Dollar Associates.

Page 43 of a pamphlet distributed in the Liberty Dollar
Associate membership package indicated;

Guidelines for Regional Currency Offices

1. Requirements for Establishment of a Regional
Currency Office

a. An Applicant for RCO status must have a
personal Net Worth in excess of \$50,000 USD.

b. An Applicant for RCO status must be a
Liberty Associate for a minimum of one year prior
to making application, unless approved by Executive
Committee.

c. An Applicant for RCO status must agree to
abide by the RCO Code of Ethics.

d. An Applicant for RCO status must agree to
support local Liberty Merchants by offering
conversion of excess Liberty Dollars to FRNs when
necessary.

(Note: FRN is an abbreviation for Federal Reserve
Note)

e. An Applicant for RCO status must agree to
maintain a minimum reserve fund of \$2,500.00 in
FRN's to facilitate convertibility.

1 f. An Applicant for RCO status must agree to
2 support local Liberty Associates by providing LA
3 discounts on Liberty Dollars in accordance with
4 current NORFED pricing structures.

(Note: LA is an abbreviation for Liberty Associate)

5 On 10/26/06, during a consensually recorded conversation with
6 an undercover employee (UCE) of the Federal Bureau of
7 Investigation (FBI), Von Nothaus stated that in order to
8 become an RCO, people had to be approved by the Executive
9 Committee, which consisted of Von Nothaus; William Kevin
10 Innes, RCO, Asheville, NC; and Ron Goodger, RCO, Fort Wayne,
11 IN.

12 The next level of membership below the RCO is the Liberty
13 Dollar Associate. A Liberty Dollar Associate (Associate)
14 pays \$250.00 for membership. The Associate receives \$100.00
15 in ALD currency and a packet of information for the
16 membership fee. The referring person, normally another
17 Associate or RCO, also receives \$100.00 in ALD currency.
18 NORFED keeps \$50.00 of the membership fee for administrative
19 costs. The Associate can then purchase ALD currency at a
20 discounted rate from their RCO or from the NORFED website.

21 A Cooperating Witness (CW) paid \$250.00 to become a Liberty
22 Dollar Associate. The Regional Currency Officer for
23 Asheville, North Carolina, William Kevin Innes, placed a
24 telephone call to the NORFED Fulfillment Office in
25 Evansville, Indiana and purchased the Liberty Dollar
26 Associate membership for the CW utilizing his credit card.
27 The CW received a box with the Book, The Liberty Dollar
28 Solution To the Federal Reserve, other materials and American
Liberty Dollar coins, Warehouse Receipts and eDollars.

A Cooperating Witness (CW) referred an Undercover Employee
(UCE) of the Federal Bureau of Investigation (FBI) for
membership as a Liberty Dollar Associate and received a check
for \$100.00 in United States currency, known by NORFED as
Federal Reserve Notes (FRN) as a referral fee.

Two UCEs of the FBI joined NORFED as Liberty Dollar
Associates and one received a check for \$100.00 in United
States currency, known by NORFED as Federal Reserve Notes
(FRN) as a referral fee for the other.

The marketing system NORFED operates to sell the currency
into circulation is a multi-level marketing scheme. The
scheme gives NORFED, RCOs, and Associates a profit for
selling the ALDs into circulation. When the ALD reached the
point of being unprofitable, NORFED conducted a "move up" of
the currency. In 1998, the ALD currency was minted using a
\$10.00 base, meaning that a \$10.00 ALD coin, eDollar, or
warehouse receipt was backed by one troy ounce of silver. In
November of 2005, the thirty (30) day moving average of the

1 spot price of silver reached the "move up point" set by
2 NORFED. NORFED recalled all of the \$10.00 base coins and
3 warehouse receipts and "re-minted" the currency as a \$20.00
4 base currency. This change made what the day prior had been
5 a \$10.00 denomination ALD coin, warehouse receipt, or eDollar
6 backed by one troy ounce of silver, a re-minted re-issued
7 \$20.00 denomination coin. This instantly doubled the value
8 of the currency. The "move up" left the silver and gold
9 holdings at the same level as they were at the ten dollar
10 base. Thus the face value of the entire currency was doubled
11 without changing the holdings at all. The other effect of
12 the "move up" was a tremendous increase in profits for
13 NORFED, RCOs and Associates.

14 The third level of membership is the member Merchant. These
15 Merchants accept American Liberty Dollar currency as payment
16 for goods and/or services at the face value of the ALD
17 currency or at a dollar to dollar value with Federal Reserve
18 Notes (FRN). The Merchant can also purchase the ALD currency
19 at a discount and pass it as change to make a profit.

20 The use of bank accounts and negotiable instruments which
21 convert to United States currency demonstrates NORFED's
22 willingness to use and profit from United States currency
23 which NORFED describes as worthless. Additionally, NORFED
24 uses bank accounts to facilitate the distribution, sale, and
25 circulation of the American Liberty Dollar currency. The
26 following banks and accounts have been utilized by NORFED to
27 do so:

28 **BANK ACCOUNTS:**

1 NORFED has maintained several bank accounts in which
2 transactions were conducted since the inception of the
3 Liberty Dollar in 1998. One such bank account is the **Integra**
4 **Bank, Account #7800025301**. The name indicated on the checks
5 was NORFED. The address indicated on the checks was 3819 E.
6 Morgan Ave., Evansville, IN 47715, until approximately July,
7 2004, when the address was changed to 225 N. Stockwell Rd,
8 Evansville, IN 47715.

9 An analysis of account **#7800025301** records dated from
10 October of 2002 to September of 2005 indicated that checks
11 were written to Sunshine Minting, Inc., in excess of
12 \$140,000.00; Bernard von Nothaus, in excess of \$114,000.00;
13 Cash, endorsed by Bernard von Nothaus and other known
14 employees in excess of \$92,500.00; Random von Nothaus, for
15 \$150.00; Suzy Nothouse and/or Suzy Nothhouse in excess of
16 \$11,500.00; Kevin Innes for \$1,700.00; Michelle Jones in
17 excess of \$37,500; Raylene Callis in excess of \$5,300.00;
18 Sarah Bledsoe in excess of \$56,800.00; Telle Presley in
19 excess of \$5,700.00; United Parcel Service in excess of
20 \$64,000.00; UPS in excess of \$2,500.00; Post Office and
21 Postmaster for approximately \$2,500.00; Clark, Anderson,
22 McNelis & Co., P.A. in excess of \$4,400.00; Coin World for

1 \$1,500.00; CPU (Computers, Parts & Upgrades) for \$120.00; and
2 several known Regional Currency Officers. Additionally,
3 there was a check written to Integra Bank, "Bernard von
4 Nothaus" was written on the memo line, and appeared to be
5 signed by Bernard von Nothaus for \$13,000.00. The check
6 appears to have been transacted for cash.

7 An analysis of wire transfers from this NORFED account at
8 Integra Bank indicated that for the year 2005, independent of
9 the checking account transactions, an excess of one million
10 dollars (\$1,000,000.00) was transferred by wire to Bernard
11 von Nothaus and the Sunshine Minting, Inc.

12 NORFED, as Liberty Services, Inc. of 527 N. Green River
13 Rd. #158, Evansville, IN 47715, currently maintains an active
14 account, #7801142980, with Integra Bank. The current account
15 balance as of 09/27/2007 was \$106,734.73. Review of this
16 account for the period from December 2006 to August 2007
17 identified the following disbursements, all issued by Sarah
18 Bledsoe:

19 1. Five checks issued to William Kevin Innes for a
20 total of approximately \$800.00.

21 2. Three checks issued to ANDERSON BROTHERS CPA for a
22 total of approximately \$1500.00.

23 3. Numerous checks issued to Sarah Bledsoe for a total
24 of approximately \$27,300.00.

25 4. Numerous checks issued to Bernard von Nothaus for a
26 total of approximately \$65,250.00.

27 5. Numerous checks issued to Sunshine Minting, Inc. for
28 a total of approximately \$997,800.00

1 6. Eight checks issued to the Royal Hawaiian Mint for a
2 total of approximately \$5,128.00.

3 7. One check issued to an UCE for the cash value of the
4 UCE's eDollar account upon cash out.

5 Opening documentation for the account show the account
6 holders as Bernard von Nothaus and Sarah Bledsoe.

7 William Kevin Innes utilized a bank account, **First Citizens**
8 **Bank, Account #005617167436**. Opening documentation shows the
9 account holder as W. Kevin Innes. The account is currently
10 closed due to an overdrawn balance.

11 An analysis of **First Citizens Bank, Account #005617167436**
12 records dated from January 2005 to July 2007, indicated the
13 following relate to Liberty Dollars:

14 1. Approximately \$26,370.00 was disbursed from the

1 account to NORFED through checks and Visa debit card.
2 Additionally, approximately \$5,300.00 in wire transfers were
3 disbursed to NORFED.

4 2. The records indicate deposits from purchases of
5 currency, membership fees, and deposits received from NORFED
6 for approximately \$24,450.00.

7 3. An UCE of the FBI wrote two checks to Innes during
8 the course of this investigation. Bank records indicate that
9 both of those checks were deposited into this account.

10 FULFILLMENT OFFICE, a.k.a. NORFED HEADQUARTERS:

11 The NORFED Fulfillment Office is located at 225 N. Stockwell
12 Road, Evansville, Indiana 47715. A Cooperating Witness and
13 two undercover employees (UCE) of the Federal Bureau of
14 Investigation (FBI) have been to the office.

15 Von Nothaus and several RCO's referred to the "Fulfillment
16 Office," "front office," and "NORFED Headquarters"
17 interchangeably during several meetings attended by
18 undercover employees (UCE) of the Federal Bureau of
19 Investigation (FBI) as well as in correspondence.
20 Additionally, the book included in each Associate packet, The
21 Liberty Dollar Solution To The Federal Reserve, Edited by
22 Bernard von Nothaus indicates under the "Acknowledgments"
23 section that Sarah Bledsoe, Michelle Jones, Raylene Callis,
24 and Telle Presley are staff at the Liberty Dollar National
25 Fulfillment Office.

26 On 10/20/05, during a Liberty Dollar University training
27 session, von Nothaus mentioned that there were three (3)
28 women who worked at the fulfillment office in Evansville, IN.
29 von Nothaus received unsolicited positive feedback as to the
30 RCO's experience in dealing with the Liberty Dollar employees
31 in the Fulfillment Office. During the class, von Nothaus and
32 other RCO's explained that the NORFED Headquarters was where
33 the RCO's place orders for ALDs. The ALD coins were shipped
34 out to the RCO's from the NORFED Headquarters.

35 Von Nothaus and Innes regularly spoke of placing an order for
36 ALD's "with the front office" during conversations with UCEs
37 of the FBI.

38 UCEs of the FBI received their Liberty Dollar Associate
39 currency purchases and Liberty Dollar Associate membership
40 materials at the Fulfillment Office from Sarah Bledsoe during
41 their attendance at Liberty Dollar University in April of
42 2007.

43 UCEs placed telephone calls to the Fulfillment Office to
44 purchase memberships and to make arrangements for attendance
45 at Liberty Dollar Universities and related social functions.

1 THE NORFED PROFIT SCHEME:

2 The "formula" used to determine the different prices of
3 silver begins with the "spot silver price" of one ounce of
4 silver on the stock market. NORFED uses the website
www.kitko.com as their official marker for the spot price.

5 Once the spot silver price is determined, a "minting fee" is
6 added; a "shipping fee" is added; and NORFED's profit is
7 added. These fees and profit are referred to by NORFED as
"Fabrication & Overhead." This new price is called the "RCO
rate." This is the rate for which the RCO may purchase
Liberty Dollars from NORFED.

8 Because the RCO has purchased his/her franchise, the RCO may
9 then sell the Liberty Dollar for whatever amount/price he/she
deems appropriate. NORFED recommends, and the general
10 practice of the RCO's, is to then split the difference
between the RCO rate and the "face value" of the coin. This
11 price is the "Associate rate."

12 Some RCOs set their Merchant rate at the Associate rate.
This is the rate at which the coin is marketed to merchants
13 willing to accept and circulate the currency. However, some
RCOs sell to their Merchants by splitting the difference
14 between the Associate rate and the "face value" of the coin.
This rate is the "Merchant rate."

15 A person not affiliated with the Liberty Dollar must pay the
16 "face value" which is minted on the coins.

17 LIBERTY DOLLAR UNIVERSITY:

18 NORFED provides training information in the Associate
membership packet and also trains RCOs and Associates at
19 regional training events called Liberty Dollar University
(LDU). An Associate or RCO may attend Liberty Dollar
20 University for the price of two-hundred United States dollars
(\$200.00 USD) per attendee. Within the membership training
21 materials and as a part of the LDU training, the organization
provides a sales method called "The Drop." Using "The Drop,"
22 the NORFED member approaches a business person to attempt to
persuade them to utilize the ALD currency. The NORFED member
23 holds out an ALD coin and drops the coin in the person's hand
so that they can feel the weight of the silver. The NORFED
24 member then asks, "Do you take silver?" They do not describe
or offer any explanation that the ALD is an alternative
25 currency. Additionally, if the person is reluctant to take
the ALD coin, the NORFED member is instructed to provide
26 United States currency instead. NORFED describes United
States currency as Federal Reserve Notes (FRN) of Fiat
27 Currency.

28 In NORFED's training material provided to all Liberty Dollar

members who attend Liberty Dollar University, a training session for the Liberty Dollar, it is clearly written that:

"*NOTE: Due to mfg and overhead there is a period when the formula does not work. This period is called "no man's land" because nobody wants to be there. But to get to the new \$20 Silver Base, we must go through it to "Crossover." During this time the RCOs create their own pricing. When spot silver is over \$8.50 NORFED uses an intern pricing for the later period of the 30 days required to Crossover."

The RCO quote for the one ounce coin at the \$10 Silver Base is provided in the LDU training material as follows:

Spot Silver Price = \$6.00
RCO Rate = \$6.00 (Spot price) + \$1.50 (Fabrication & Overhead) = \$7.50 (Shipping costs are not included in these calculations.)
Associate Rate = \$7.50 + \$1.25 (Half the difference between \$10 and \$7.50) = \$8.75

The minimum order requirement for an RCO is 1,000 ounces in any combination of denominations.

The material then illustrates the math whereby the RCO enters "no man's land."

Spot Silver Price = \$8.50
RCO Rate = \$8.50 (Spot price) + \$1.50 (Fabrication & Overhead) = \$10.00 (Shipping costs are not included in these calculations.)
Associate Rate = \$10.00 + \$0.00 (There is no difference between the RCO rate and the market value) = \$10.00

Because of this void in profit, NORFED determined that it would conduct the "Crossover," later dubbed the "Move Up," when the thirty (30) day moving average of the Spot Silver Price reached \$7.50 for a period of thirty (30) consecutive days.

The training material further indicated that future "Crossovers" would occur at the following Spot Silver Prices:

Crossover point from the \$10 to the \$20 Silver Base is \$7.50 30DMA (30 Day Moving Average)
Crossover point from the \$20 to the \$50 Silver Base is \$16.00 30DMA
Crossover point from the \$50 to the \$100 Silver Base is \$41.50 30DMA
Crossover point from the \$100 to the \$250 Silver Base is \$84.00 30DMA
Crossover point from the \$250 to the \$500 Silver

1 Base is \$211.50 30DMA

2 These "Crossover" points create a period referred to in the
3 training material as a "windfall." This "windfall" can be
4 illustrated simply by comparing the profits reaped at the
5 final stage of the \$10 Silver Base to the profits reaped at
6 the initial stage of the \$20 Silver Base for the one ounce
7 coin:

8 \$10 Silver Base (previously explained for \$6 Spot Price)

9 RCO Rate = \$7.50
10 Associate Rate = \$8.75
11 Face Value = \$10.00

12 \$20 Silver Base

13 Spot Silver Price = \$8.00
14 RCO Rate = \$8.00 (Spot price) + \$3.00 (Fabrication &
15 Overhead) = \$11.00 (Shipping costs are not included in these
16 calculations.)
17 Associate Rate = \$11.00 + \$4.50 (Half the difference between
18 \$11 and \$20) = \$15.50*
19 Face Value = \$20.00

20 * When discussing the "Crossover" and rates for the Liberty
21 Dollar at the \$20 Silver Base, the training material
22 indicated:

23 "Our earlier experience has taught us to set the
24 maximum Associate discount at 20% from face value;
25 therefore the Associate Quote at \$8 silver would be
26 \$16, not \$15.50. We anticipate this period to be
27 very brief but any windfall would help compensate
28 the RCOs for their losses during the period in "no
man's land" just prior to the Crossover."

19 A coin, for which the spot silver sold for \$6.00 provided the
20 RCOs with a \$1.25 profit per coin. That same coin, for which
21 the spot silver sold for \$8.00 provided the RCOs with a \$5.00
22 profit per coin. The difference in spot price is two dollars
23 (\$2) but the difference in profit margin is three dollars and
24 seventy-five cents (\$3.75).

25 This disparity in spot price and profit margin is
26 dramatically inflated as the Silver Base rises. Based on the
27 calculations for the \$500 Silver Base, the RCOs will profit
28 \$114.50 per coin (assuming fabrication and overhead stays the
same and the maximum Associate discount remains 20%).

25 On 3/24/07, during a consensually recorded conversation with
26 an undercover employee (UCE) of the Federal Bureau of
27 Investigation (FBI) Bernard von Nothaus, the Monetary
28 Architect of the Liberty Dollar, stated that the "move up" or
"Crossover" to the \$50 Silver Base would occur when the 45
day moving average of the spot price of silver reached

1 \$16.50.

2 On 3/28/07, during a consensually recorded conversation with
3 an undercover employee (UCE) of the Federal Bureau of
4 Investigation (FBI), William Kevin Innes, the Regional
5 Currency Officer (RCO) for Asheville, North Carolina,
6 indicated that the "Fabrication and Overhead" costs would
7 increase as the Silver Base increased. However, the base
8 coins will continue to be one ounce.

9 On 3/24/07, during a consensually recorded conversation with
10 an undercover employee (UCE) of the Federal Bureau of
11 Investigation (FBI), von Nothaus showed a group of Asheville
12 Liberty Dollar Associates a coin minted for the \$50 Silver
13 Base. The one ounce coin was a Liberty Dollar with the face
14 value of \$50. Von Nothaus stated that the coins minted with
15 the \$50 symbol on them were used to support the eDollars and
16 silver certificates currently issued by NORFED.

17 **BERNARD VON NOTHAUS:**

18 Bernard von Nothaus is the founder of the American Liberty
19 Dollar currency, the founder of NORFED, the self-described
20 monetary architect and Executive Director of Liberty Dollar
21 Services, Inc., and Regional Currency Officer, Evansville,
22 Indiana. Von Nothaus is also a member of the NORFED
23 Executive Committee.

24 On 10/20/05, during a consensually recorded session of a
25 Liberty Dollar University, von Nothaus spoke about the Board
26 of Directors for NORFED. He stated that they chose not to be
27 identified. However, von Nothaus identified himself as the
28 Chairman of the Board. Von Nothaus also identified himself
as the President of the RCO Congress.

1 In each Associate packet, NORFED sends a book entitled The
2 Liberty Dollar Solution To The Federal Reserve, Edited by
3 Bernard von Nothaus. An excerpt of the biography on the back
4 cover of this book describes von Nothaus as the designer and
5 developer of the Liberty Dollar and the "Monetary Architect"
6 at NORFED, a non-profit, free enterprise corporation that
7 distributes the Liberty Dollar since 1998.

8 On 03/24/07, during a consensually recorded meeting with an
9 UCE, von Nothaus acknowledged that he had a team of attorneys
10 working for him when he introduced the Liberty Dollar. They
11 created the disclaimer for the Liberty Dollar. Von Nothaus
12 stated that they discussed Title 18, Section 486, a long time
13 ago. Von Nothaus referred to Title 18, Section 486, and
14 advised the UCE that was the section of the law which
15 prohibited the use of the word "utter." Von Nothaus stated
16 that the Liberty Dollar Certificates were not illegal. Title
17 18, Section 486 only addressed specie.

18 During the same consensually recorded meeting von Nothaus

1 stated that he postponed any further interviews of his
2 potential successors until the conclusion of his legal
3 filings with the US Government. Von Nothaus felt that if he
4 lost his lawsuit he would have to serve five (5) years in
5 prison, as the Liberty Dollar would be ruled illegal, and he
6 had clearly founded and grew the Liberty Dollar Organization.
7 Von Nothaus also felt that if he won his lawsuit he would not
8 have to worry about his successor because the legality issue
9 would not be pertinent and the organization would grow. Von
10 Nothaus stated that he was running a multi-million dollar
11 company and needed a business person with twenty (20) years
12 of marketing experience. Von Nothaus stated that he could
13 not convert a Patriot to be someone with twenty (20) years of
14 experience, but he could convert a business person into a
15 Patriot.

16 www.geocities.com describes the Patriot Movement as a
17 "loosely organized group whose members believe that the
18 federal government has become tyrannical in its attempts to
19 control citizen's lives in areas such as taxation,
20 environmental regulation, gun ownership, and constitutional
21 liberties."

22 At Liberty Dollar University #7, held from 10/19/05 through
23 10/22/05 and at Liberty Dollar University #11, held from
24 10/25/06 through 10/28/06, Innes and von Nothaus were the
25 primary instructors for the entirety of the training events.
26 Innes primarily taught marketing techniques. Von Nothaus
27 primarily taught the business profit margin methodology.

28 On 04/12/07, during a consensually recorded session of
Liberty Dollar University #13, von Nothaus stated that he was
the only person to attend every Liberty Dollar University.
He also identified himself and Innes as the instructors for
the Liberty Dollar Universities.

On 08/28/07, during a search of www.allwhois.com for the
domain ownership of www.libertydollar.org, it was determined
that the domain registrant is Sarah Bledsoe, von Nothaus'
assistant. The organization listed is the Liberty Dollar at
225 N. Stockwell Rd, Evansville, IN 47715. The
administrative organization for the website is NORFED at 225
N. Stockwell Rd, Evansville, IN 47715.

BERNARD VON NOTHAUS' VEHICLE:

The vehicle is described by an undercover employee (UCE) of
the Federal Bureau of Investigation (FBI) as a luxury
vehicle. On 3/24/07, in a recorded meeting between the UCE
and von Nothaus, von Nothaus stated that the government
couldn't have him driving around in a silver Cadillac. On
08/28/07, a Department of Motor Vehicles check indicated that
von Nothaus and Mary von Nothouse are associated by listing
themselves as insured drivers for the same vehicle, which was
registered in the state of **Florida, license plate number**

1 J69FEP, Vehicle Identification Number (VIN):
2 1G6KD54Y0XU758775 which is a 1999 Cadillac Deville, four
3 door, aluminum silver in color. On 8/28/07, a Lexis Nexis
4 check of Bernard von Nothaus indicated the title holders for
5 the 1999 Cadillac Deville are Mary S. von Nothouse and
6 Bernard von Nothaus. Additionally, the Lexis Nexis check
7 indicated von Nothaus' personal information as follows: date
8 of birth 03/19/1944, Social Security Account Number 492-46-
9 7355, and home address 527 N Green River Road, Apt A158,
10 Evansville, IN 47715-2472.

11 On 10/27/06, while in attendance at a Liberty Dollar
12 University, von Nothaus sold the UCE a Liberty Dollar t-
13 shirt. Von Nothaus stated that he brought the t-shirts to
14 sell from the Fulfillment Office in Evansville, IN. Von
15 Nothaus traveled from the Fulfillment Office to the IDU via
16 his personal car.

17 On several occasions from October 2005 to May 2007, the UCE
18 witnessed von Nothaus carrying a briefcase and other
19 containers which were transported in his vehicle or the
20 vehicle in which von Nothaus was riding. The briefcase and
21 other containers transported newly updated marketing material
22 for the Liberty Dollar, Liberty Dollars, proofs for newly
23 minted or soon-to-be minted Liberty Dollars and State
24 Monetary Initiative Liberty Dollars, striking equipment for
25 von Nothaus to specifically mark individual coins to add
26 value to the coins in the numismatic market, proofs for the
27 Royal Hawaiian Mint silver coins, t-shirts, RCO supplies, and
28 other miscellaneous items which contribute to the
distribution and marketing of the Liberty Dollar. It was the
UCE's understanding that the briefcase and other containers
were designed for transport to speaking engagements, and were
regularly maintained in von Nothaus' vehicle.

On 3/24/07, the UCE and von Nothaus attended a Liberty Dollar
meeting in Asheville, NC. Von Nothaus provided everyone in
the group with an updated version of the Liberty Dollar
brochure. Additionally, von Nothaus passed Liberty Dollar
coins and coins from the Royal Hawaiian Mint around the
table. The coins included the new California \$20 Liberty
Dollar; Liberty Dollars/Libertads from Panama and Ecuador;
the Hawaii Dala, in denominations of five dollars (\$5.00
ALD), ten dollars (\$10.00 ALD) and twenty dollars (\$20.00
ALD); and the fifty-dollar (\$50.00 ALD) Liberty Dollar. The
brochures and the coins were all produced from the above
mentioned containers which were transported to the meeting in
von Nothaus' vehicle.

METHODS OF DISTRIBUTION:

A Cooperating Witness (CW) and an Undercover Employee (UCE)
of the Federal Bureau of Investigation (FBI) received
mailings from the NORFED Fulfillment Office, 225 N. Stockwell
Road, Evansville, Indiana 47715, which contained the NORFED

1 Liberty Dollar Associate introductory packet of materials,
2 silver Liberty Dollar coins, Warehouse Receipts, and
information to access an on-line account for eDollars.

3 An Undercover Employee (UCE) of the Federal Bureau of
4 Investigation (FBI) also accessed the on-line eDollar account
with a forty-dollar (\$40.00) purchase of the initial
5 Associate package. The UCE cashed out of the eDollars and
received a check for thirty dollars and thirty-eight cents
6 (\$30.38).

7 **METHODS OF MARKETING AND COMMUNICATION:**

8 An UCE of the FBI also joined NORFED'S egroupp which
9 distributes marketing information via the internet. The UCE
documented and maintained all egroupp communications conducted
10 with the NORFED egroupp. The communications include
information on the "move ups", information regarding NORFED'S
11 decision to continue to market and distribute the currency
after the US Mint warning, and other information related to
the operation and usage of the currency.

12 Bernard von Nothaus, the "Monetary Architect" of the Liberty
13 Dollar, is currently asking for donations for his "Legal
Defense Fund" based upon the United States Mint warning. He
14 is asking that the donations be provided in Federal Reserve
Notes (FRN). Solicitation of donations has appeared in the
15 egroupp communications, as a letter in the Liberty Dollar
Associate welcome package, and at the 3/24/07 Liberty Dollar
Associate meeting with von Nothaus in Asheville, NC.

16 In The Liberty Dollar Solution To The Federal Reserve part
17 IV, The Liberty Dollar, Chapter 30, Competition Comes to the
Fed, on page 260 states, "The Liberty Dollar, which is 100%
18 backed and \$100% redeemable in gold and silver, provides a
simple solution: "Stop using Federal Reserve money and start
19 using the Liberty Dollar to return America to value - one
dollar at a time." The paragraph ends and is followed by a
20 quote from Edmund Burke, "The only thing necessary for the
triumph of evil is for good men to do nothing."

21 The chapter continues by comparing the Liberty Dollar's
22 competition with the currency of United States to the United
States Postal Service's competition with FedEx. These
23 statements highlight the intent of NORFED - The National
Organization for the Repeal of the Federal Reserve and
24 Internal Revenue Codes, to replace and/or compete with the
financial systems of the United States of America to
25 undermine the existing economic system.

26 At the Merchant level of membership the member merchant signs
an agreement with the RCO and receives a discounted rate on
27 the purchase of ALD currency. The focus of the RCOs and the
Associates is to sign up as many Merchants as possible in
28 their region. The Merchants then purchase the ALD currency

1 from the RCO or the Associate. The RCO and Associate make a
2 profit for each sale to a lower echelon member of the scheme.
3 The ALD currency is marketed to the Merchant as a way to make
4 a profit by making change. Due to the similarity in
5 appearance between the ALD coins and other legitimate United
6 States coinage, the ALD coins can be given as change and the
7 recipient may not notice that the ALD is not United States
8 coinage or may assume that it is United States coinage. The
9 end user receiving the ALD currency as change or a merchant
10 that accepts the ALD currency unwittingly is receiving a non-
11 government issued currency that cannot be deposited in a
12 bank, is not universally accepted, and, though advertised as
13 100% backed by precious metal, is valued significantly less
14 than the marked face value of the currency.

15 The NORFED website, www.libertydollar.org, provides
16 informative materials regarding the silver Liberty Dollar
17 coins, Warehouse Receipts, and on-line eDollars; records of
18 the silver and gold holdings at the Sunshine Mint; search
19 tools for a person to locate their nearest Regional Currency
20 Officer, and previously a national directory of Liberty
21 Dollar Associates; the organization's financial ideology,
22 including it's theories on the Federal Reserve and material
23 covered in the book, The Liberty Dollar Solution To The
24 Federal Reserve; media productions; and links to each of the
25 Regional Currency Officer's individual websites.

26 In addition to the information and marketing on the website,
27 www.libertydollar.org offers the purchase of the ALD currency
28 on-line.

1 Purchases made on the Liberty Dollar website are similar to
2 those made on any other website. Pictures and descriptions
3 of the items for sale are shown. A purchaser may click on an
4 item to read additional information. Once a purchaser
5 decides to buy an item, the purchaser may click on an icon
6 "Add to Cart." At the end of the transaction, a purchaser
7 may view their items selected in a "shopping cart" by
8 clicking on the words "Cart Contents" and can make any
9 changes before the final transaction. The purchaser may then
10 click on the word "Checkout," and is asked to enter his/her
11 method of payment. The website only accepts credit card
12 payments for these electronic purchases. The goods include,
13 but are not limited to, a Liberty Dollar Associate Package,
14 educational material, clothing, digital Liberty Dollars, and
15 coins. These goods are then shipped via a US Mail or like
16 carrier to the purchaser's provided address.

17 NORFED's purpose in the minting, distribution, sale, and
18 circulation of the American Liberty Dollar coins is to make
19 money through the use of this alternative currency by
20 merchants, Regional Currency Officers, Liberty Dollar
21 Associates, and the public. The use of the silver, gold and
22 copper coins in this manner is a violation of **Title 18 United**
23 **States Code (U.S.C.) Section 486** which states:

Uttering coins of gold, silver or other metal

"Whoever, except as authorized by law, makes or utters or passes, or attempts to utter or pass, any coins of gold or silver or other metal, or alloys of metals, intended for use as current money, whether in the resemblance of coins of the United States or of foreign countries, or of original design, shall be fined under this title or imprisoned not more than five years, or both."

SUNSHINE MINT:

The Sunshine Mint, or Sunshine Minting, Inc., located at 750 West Canfield Avenue, Coeur d'Alene, Idaho 83815, is the mint that NORFED uses to create the ALD coinage and to store the organization's gold and silver holdings. The mint's website at www.sunshinemint.com lists the address under the heading 'Company Profile.'

The physical precious metal holdings are located at the Sunshine mint. Based upon the information on the mint website, the holdings are divided between the mint's Safekeeping Account system and any ALD coinage that has been created and not yet shipped by the Sunshine Mint.

The Sunshine Mint operates a Safekeeping Account for the storage of precious metals. The mint's website at www.sunshinemint.com describes the account:

"Our Safekeeping Account is known in the industry as an unallocated storage account. It can be referred to as a non-segregated account or simply a pool account."

"This account is, in effect, a precious metal account in which a client owns a defined, unsegmented interest or portion in a pool of precious metal held in storage and insured by SMI at their secure facility."

Clark, Anderson, McNelis & Co., 560 West Canfield Avenue, Suite 100, Coeur d'Alene, Idaho 83815, is the auditor that NORFED used to conduct monthly audits of the holdings at Sunshine Mint compared to the reported issued currency by NORFED. Statements documenting the fact that audits have been conducted and the results of monthly audits through August of 2006 are located on NORFED's website, www.libertydollar.org.

Using the 11/08/2007 spot price of silver at \$15.34 and the spot price of gold for the same date at \$846.50, applying the New York Spot Prices from www.kitco.com, the NORFED audit dated July 31, 2007 shows that NORFED stored net silver holdings of 158,412.5 ounces of silver at the spot price of

1 \$15.34 are valued at \$2,430,047.70. The audit also lists 96
2 ounces of gold holdings at a spot price of \$846.50 valued at
\$81,264.00.

3 An Undercover Employee (UCE) of the Federal Bureau of
4 Investigation (FBI) reported that a portion of the silver
5 holdings located at the Sunshine Mint have been used to mint
6 ALD coins at base \$50.00 value in preparation for the next
"move up". The information was obtained during a consensual
recording of Bernard Von Nothaus on 3/24/07.

7 On 10/21/05 an Undercover Employee (UCE) of the Federal
8 Bureau of Investigation (FBI) attended a Liberty Dollar
9 University in Asheville, North Carolina. During the
10 training, the UCE participated in a consensually recorded
11 conversation with RCO Dan Rose, of Mississippi who toured the
12 Sunshine Mint. Rose described the tour as paraphrased by the
UCE:

13 The RCO stated that the place was the most uptight,
14 detailed, "got their ducks in order" organization
15 he had ever seen. He had to remove as much metal
16 from his body as possible (rings, change, etc).

17 The RCO described the mint as a pre-fab concrete
18 building (warehouse) with all of the activity on
19 one floor. The building had 30 foot ceilings and
20 was basically a 30,000 square foot box. There were
21 pallets of silver in the strong room. The strong
22 room was a room inside the warehouse with concrete
23 walls. In the corner of the strong room there were
24 pallets that went from the floor to seven feet high
25 with thousand pound ingots, which were chunks of
silver about the size of a loaf of bread.

26 The RCO witnessed coins stacked on pallets waiting
27 to be shipped out. Also the silver that backed the
eDollars. They had one of everything they had ever
made, including pieces that were not minted for the
Liberty Dollar.

28 The Sunshine Mint maintained silver for the
government's pieces. Regarding the melting, there
was a big box that held all of the silver, they
stuck electrodes in it and melted it down. Then
hydraulic lines moved silver for a saw to cut
slices of the silver. Then it went to a press,
whereby the round cylinder was pressed into a long
strip and was cut. Extra silver was recycled.

On several occasions including 10/20/05 and 10/26/06, von
Nothaus advised the UCE that Tom Power ran the warehouse
where the ALD was minted.

On 11/3/05, the UCE reviewed the material sent in the ALD

1 Associate package. Included in the material was a compact
2 disc entitled The Liberty Dollar, DSI Presentation, December
3 2, 2002, which represented that NORFED bought and deposited
4 silver at the warehouse. The warehouse issued the receipts
5 (silver certificates) to NORFED. Tom Power ran the
6 warehouse. Von Nothaus was friendly with the Sunshine Mint,
7 but he had a fiduciary responsibility to ensure the silver
8 existed. An auditor certified the silver monthly.

9 **WAREHOUSE RECEIPTS:**

10 **Verified First Technologies**, 1700 Commerce Way, Paso Robles,
11 California 93446, is the company that created and
12 manufactures the American Liberty Dollar (ALD) Warehouse
13 Receipts which are the ALD version of paper currency. NORFED
14 advertises the warehouse receipt as 100% backed by silver.
15 Their contention is that the warehouse receipt represents the
16 appropriate amount of silver stored at the Sunshine Mint
17 dependent upon the face value denomination of the warehouse
18 receipt. For example, at the \$20.00 base currency level, one
19 \$20.00 Warehouse Receipt is backed by one troy ounce of
20 silver. The part of the fraudulent scheme NORFED portrays
21 the ALD currency as a barter system instead of currency.
22 Therefore, the \$20.00 Warehouse receipt is circulated at a
23 value of \$20.00 but the actual value of the silver is at the
24 daily spot price, which is significantly lower than the face
25 value. NORFED, the RCOs, Associates, and member merchants
26 make money circulating the currency. The only parties in the
27 process who deal with the ALD currency at face value are the
28 unwitting victims left holding the ALD currency after all the
co-conspirators have made their money.

The Sunshine Mint maintains \$50.00 base ALD coins and other
precious metal holdings that back the Warehouse receipts in
addition to the Mint's Safekeeping account. The holdings at
the Sunshine Mint in all forms represent the circulated
Warehouse Receipts and eDollars. Additionally, the silver
used to back the Warehouse Receipts and eDollars is used to
perpetuate the uttering and circulation of the ALD coins in
violation of Title 18 USC Sections 486 and 489.

Review of Verified First Technologies website at www.isp-
vft.com identified American Liberty Dollar Warehouse receipt
depictions in a digital image on the company website
homepage. The 'Contact Us' heading of the website provides
the following information regarding International Security
Products:

International Security Products, Inc./Headquarters
1750 Commerce Way
Paso Robles, CA 93446
USA

The website also includes patent information which shows ISP
holding patents under the name Verified First Technologies.

1 On website www.amgraf.com/pages/news.html Verified First
Technologies, Inc. is described as:

2 About Verify First Technologies, Inc.

3 VFT provides advanced security solutions to 23 countries
4 utilizing unique anti-copy and verification security
5 technologies. VFT develops, licenses, and provides patented
6 security technologies for both the brand product and document
7 industries. VFT has been issued twelve U.S., Canada and
8 European patents and has numerous patents pending for other
9 anti-fraud technologies. VFT's Corporate Office is located
in Paso Robles, California USA and the company has an
additional sales & marketing office in Ithaca, New York USA.
For additional information contact George Phillips at (805)
238-2503, David Huckle at (607) 266-9839 or go to VFT's
website at www.verifyfirst.com.

10 NORFED's account #7801142980, with Integra Bank shows three
11 distributions to ProDocument Solutions for a total of
approximately \$3,400.00.

12 www.naspo.info lists ProDocument Solutions, 90 West Poplar
Ave., Porterville, CA, 93257, website:

13 www.prodocumentsolutions.com and provided the following
14 description:

15 "ProDocumentSolutions offers a wide range of unique
16 patented technologies that provide both covert and overt
17 protection for product fraud or diversion protection. We
work closely with Verified First Technologies to provide the
very best, cost effective solutions for our customers."

18 DIGITAL LIBERTY DOLLARS (eDollars):

19 The NORFED website at
20 www.libertydollar.org/elibertydollars/learn_more.html
describes the eDollars (in bold) as:

21 "Introduction to the Digital Liberty Dollar (eLD)

22 What is a digital currency? And what's the big deal about a
digital Liberty Dollar?

23 A digital currency is any currency that uses an electronic
24 system (telecommunication, wire or the Internet) to move
money like the US dollar instead of the physical notes. A
25 digital currency is simply money without paper. When you
write a check, use a credit/debit card or send a bank wire,
26 there are no "paper" dollars used, counted, or moved. You are
simply directing a "unit of accounting," i.e. a "dollar"
27 amount, to be moved from one account to another account,
between banks or around the world. Just as checks,
28 credit/debit cards, wires and EFTs don't move physical

1 dollars, the new, private silver based digital Liberty Dollar
2 doesn't move the physical silver.

3 So when you go to www.eLibertyDollar.com and send some
4 "digital Liberty Dollars," you are sending a message to the
5 server to move some of your digital Liberty Dollars (eLD) to
6 that person's account... even if they don't have an account!
7 And to make sure nobody is misusing your account and that the
8 correct person receives your money, every transaction is
9 confirmed via email with an automatic message.

10 All this is a big deal for the Liberty Dollar because over
11 98% of all transactions do not use notes. They use digital
12 dollars. Just think of how many times you use a check or
13 credit/debit card and you will begin to understand that the
14 Liberty Dollar needed to be in digital form to be successful.
15 Now America's inflation proof currency is available in
16 digital, physical, and paper certificate form. Now you can
17 use the Liberty Dollar as easy as the US dollar.

18 Capitalizing on the steady growth of America's second most
19 popular currency the Liberty Dollar is now available to
20 individuals and merchants who conduct business over the
21 Internet and via e-mail. Simply put, you can email Liberty
22 Dollars to anybody in the world and buy on the WorldWideWeb
23 from any merchant who accepts Liberty Dollars.

24 Click [HERE](#) to open a free account in just two minutes.

25 Click [HERE](#) to become a Liberty Merchant today.

26 You can open a free Liberty Dollar account in a couple of
27 minutes. To fund your account simply exchange US Dollars into
28 Liberty Dollars dollar-for-dollar using a credit card, wire,
money order or check. But why exchange dollar-for-dollar when
you can get the Liberty Dollar at a discount and use it at a
profit when you become a Liberty Associate!

Fees for using the digital Liberty Dollar are free for all
transactions under \$20. And only 41 cents for any payment of
\$20 or more, paid by the payee. For the cost of a postage
stamp, you can now send silver backed Liberty Dollars
anywhere in the world instantly and at a fraction of the cost
of typical banking fees. All digital Liberty Dollars are 100%
redeemable in .999 fine Silver Libertys, Silver Certificates
or exchangeable into US dollar as specified.

"We created the digital Liberty Dollar to marry the strength
of silver backed currency with the speed and convenience of
the Internet," said Bernard von Nothaus, Monetary Architect
of the Liberty Dollar. "This e-currency is absolutely unique;
no other money offers 100% silver backing, paper
certificates, physical redemption with one-ounce Silver
Libertys, and digital convenience that rewards the people who
use the currency with a profit. Our users have been asking

1 for a digital currency ever since we launched the Liberty
2 Dollar in 1998. Now, we're proud to say that after extensive
3 research and development, we built a system that works,
4 technically and economically."

5 Click HERE to open a free account in just two minutes.

6 Click HERE to become a Liberty Merchant today.

7 The Liberty Dollar is distributed by Liberty Services through
8 a network of Regional Currency Offices (RCO) and Liberty
9 Associates who operate nationwide in all fifty states.
10 Founded to address the growing concern of many Americans
11 about the spiraling Federal debt, trade deficit, inflation,
12 and their overall effect on the economic life of Americans,
13 Liberty Services offers a simple inflation proof solution to
14 the depreciating US Dollar. For more information, please
15 visit www.LibertyDollar.org or call toll free: 888.LIB.DOLLAR
16 or 888.421.6181 between 8:30 - 5:00 CST M-F."

17 WILLIAM KEVIN INNES:

18 William Kevin Innes is the Asheville, NC, Regional Currency
19 Officer (RCO) for the Liberty Dollar organization and one of
20 three members of the NORFED Executive Committee.

21 On 10/11/05, an Undercover Employee (UCE) of the FBI was
22 introduced to Innes by a Cooperating Witness (CW) who was
23 enrolled as a Liberty Dollar Associate (Associate). Innes
24 explained to the UCE how to join NORFED as a Associate by
25 purchasing the two-hundred and fifty dollar (\$250.00)
Associate package. Innes advised the UCE that there were
seventy (70) businesses in the Asheville area which took the
Liberty Dollar.

On 10/20/05, while attending a Liberty Dollar University, von
Nothaus and Innes told an UCE that the three largest
communities using the Liberty Dollar were, Austin, TX;
Berryville, AR; and Asheville, NC.

On 12/21/05, 08/08/06, 10/28/06, 11/11/06, and 03/28/07, an
UCE and Innes exchanged money and or silver Liberty Dollar
coins to facilitate the UCE's use of the currency.

On 10/27/06, while speaking at a Liberty Dollar University,
Innes spoke about how to market the Liberty Dollar in
communities, and in particular, how he marketed in Asheville,
NC. Innes stated that there were eighty-five (85) to ninety
(90) merchants in the Asheville, NC, area.

On 11/13/06, the Citizentimes.com released a story entitled
Liberty Dollars used in Asheville are not legal tender. The
following are excerpts from the article:

Karen Griffin, owner of the Gourmet Perks

1 Restaurant in Asheville, started accepting payment
2 in the dollars about a year ago as a way of
3 promoting her business. She admitted, however, not
4 many customers actually come in with them.

5 "It gets my name out there in a different market,"
6 said Griffin, who has not used Liberty Dollars
7 personally.

8 NORFED executive director Michael Johnson claims
9 that more than \$20 million in Liberty medallions
10 and paper certificates are in circulation. The
11 head of the Evansville, Ind.-based non-profit,
12 which promotes use of the alternative money, agrees
13 it's against the law to use the Liberty Dollar if
14 someone believes it is government money.

15 "The terms that they use are valid terms," Johnson
16 said. "It just means that you can use the Liberty
17 Dollar to purchase, to transact business between
18 individuals who want to use it as private
19 currency."

20 Kevin Innes is one of them. He's paid \$250 to
21 become a Liberty Dollar "associate," which allows
22 the music teacher to buy the private currency at a
23 discounted price. He said he explains to
24 businesses around town that the dollars are not
25 official currency, and if they want to use them,
26 they have to be willing to "accept it and actively
27 give it as change."

28 "It hasn't been a part of people's consciousness to
use another currency unless you're at the border
of Canada or Mexico," said Innes, who leaves the
coins as tips and uses them wherever he can in
Asheville. "It builds a form of customer loyalty.
It's like a community currency."

At Liberty Dollar University #7, held from 10/19/05 through
10/22/05 and at Liberty Dollar University #11, held from
10/25/06 through 10/28/06, Innes and von Nothaus were the
primary instructors for the entirety of the training events.
Innes primarily taught marketing techniques. Von Nothaus
primarily taught the business profit margin methodology.

On 03/28/07, Innes met with two UCE's of the FBI. Innes
discussed the philosophy behind using silver as currency.
Innes cautioned an UCE regarding proper terminology,
including not using the terms "coin" or "current money." He
explained how merchants receive incentives for circulating
Liberty Dollars through a business. These incentives
included making money by handing the Liberty Dollars out as
change, receiving free advertising on the Merchant Directory,
and enticing repeat customers by the use of Liberty Dollars.

1 On 04/12/07, during a recorded session of Liberty Dollar
2 University #13, von Nothaus stated that he and Innes were the
instructors for the Liberty Dollar Universities.

3 WILLIAM KEVIN INNES' RESIDENCE:

4 On 8/28/07, a Lexis Nexis check of William Kevin Innes
5 indicated his home address as 7 1/2 Green Oak Road, Asheville,
NC 28804.

6 On 8/8/06, following a PATRIOT NETWORK MEETING in Asheville,
7 NC, William Kevin Innes requested that the UCE assist him in
driving to his house because his car headlights were not
8 working. Additionally, while at Innes' house in the vicinity
of the Elk Mountain Road exit of Highway 19/23, Innes
9 provided the UCE with seventeen (17) ounces of silver ALD
coins which had been maintained inside Innes' home.

10 While inside Innes' home, Innes gave the UCE silver at a
Liberty Dollar Associate rate of seventeen dollars and
11 twenty-five cents (\$17.25). Seventeen (17) ounces were
provided in denominations of twenty dollars (\$20.00 ALD) and
12 ten dollars (\$10.00 ALD). Approximately six dollars and
seventy-five cents (\$6.75) remained. The UCE told Innes to
13 keep the six dollars and seventy-five cents (\$6.75) for the
purchase of three DVD's that the UCE purchased that evening.
14 The UCE provided check #1027 on or about 5/10/06 for this
silver purchase and DVD payment.

15 Innes and the UCE explained to a prospective Associate how to
16 sign up to become a Liberty Dollar Associate, and how to
receive the incentive to sign other ASSOCIATES into the
17 program at the residence on 08/08/06.

18 Innes stated that he added merchants to his Asheville list
19 without speaking to the store owner because he was told while
he was in the business that they would take the Liberty
Dollar.

20 The Innes residence is described by an undercover employee
21 (UCE) of the Federal Bureau of Investigation (FBI) as a
single family residence located near the Elk Mountain Exit
22 off the Highway 19/23. The UCE further described the
residence by a driveway and parking section located on the
23 side of the house with the front door located in the center
of the home. The kitchen, living room, and bathroom are
24 located on the ground floor. The UCE believed there may be
another level of the home where Innes maintained reserve
25 Liberty Dollars because Innes requested that the UCE remain
on the entry level while he went to retrieve the Liberty
26 Dollars that the UCE purchased on 08/08/06.

27 A drive by of the residence was conducted by the FBI on
10/11/07. The residence is described as a white, single
28 family dwelling with a gable roof, the second residence to

1 the left beyond a green mail box marked with the number 7 ½.

2 Innes has regularly received checks from NORFED sent to Post
3 Office Box 441, Asheville, North Carolina 28802. The most
4 recent identified check was dated 7/27/2007 for \$100.00
5 signed by Sarah Bledsoe. The signature card for the Post
6 Office Box shows Innes as the applicant and lists a former
7 Liberty Dollar of Asheville business address of 20 Battery
8 Park Avenue #410, Asheville, North Carolina 28801. Innes
9 closed the business location and has worked out of his
10 residence since prior to the Undercover Operation, in late
11 2004 or early 2005.

12 Since closing the business location Innes has been known to
13 use his residence as his business location. The UCE purchase
14 of Liberty Dollar coins at the residence on 8/08/06 confirms
15 that he uses his residence to market the currency. Credit
16 searches identify the prior business location but do not show
17 any other business locations since Innes operated out of the
18 20 Battery Park Avenue #410, Asheville, North Carolina
19 location.

20 On 11/04/2007, an Agent of the FBI attended a gun show at the
21 Civic Center in Asheville, North Carolina. The Agent was
22 told that he could purchase Liberty Dollars from Kevin Innes
23 and that Innes was present at the Civic Center.

24 On 11/08/2007 a search of www.libertydollar.org under the
25 Contact Us link, RCO search was conducted on zip code 28803.
26 the website lists a contact for Kevin Innes, Liberty Dollar
27 of Asheville at telephone number (828)275-5360.

28 Telephone number (828) 275-5360 is the telephone number
related to William Kevin Innes through a Lexus Nexus credit
report check. The report documents 7 ½ Green Oak Road as
William Kevin Innes' current residence. The report
associates the telephone number to the 7 ½ Green Oak Road
address and Post Office Box 441.

The United States Postal Service (USPS) reported on
11/08/2007 that Innes currently receives mail at the 7 ½
Green Oak Road address.

www.buncombetax.org lists two properties located on the
parcel with the physical address of 7 Green Oak Rd.,
Asheville, NC 28804. The second building is located on the
map in the position of the residence observed by the FBI.
The online tax records indicate that the building in a single
story conventional building with a gable roof.

On 11/08/2007, Agents of the FBI observed lights in the top
story windows and the lower story rear window of the 7 ½
Green Oak Road residence after dark, indicating that the
residence is currently occupied.

1 Innes' business is ongoing and includes business records,
2 training materials, marketing materials, shipping
3 information, computers, and the Liberty Dollar currency.
4 Innes carries those materials with him to visit member
5 Merchants, Associates, and to market the Liberty Dollar
6 currency to prospective members. Without a business
7 location, any accounting, updating of websites, computer
8 work, storage of all valuable currency, and email and
9 telephone communications with NORFED are likely conducted
10 from the residence.

11 WILLIAM KEVIN INNES' VEHICLE:

12 Innes' vehicle is described by an undercover employee (UCE)
13 of the Federal Bureau of investigation (FBI) as an older
14 model white Volvo. On 08/28/07, a Department of Motor
15 Vehicles check indicated that Innes had a registered vehicle
16 in the state of North Carolina, license plate number PTK3005,
17 which is a 1992, white, four door, Volvo sedan, Vehicle
18 Identification Number (VIN): YV1AS8810N1475377. The Volvo is
19 registered to William Kevin Innes, date of birth 09/03/1955,
20 Social Security Account Number 237-75-2798, home address 7 1/2
21 Green Oak Road, Asheville, NC 28804. This address and
22 vehicle were also verified by a 08/28/07 check for Innes on
23 Lexis Nexis.

24 On numerous occasions Innes offered to deliver or delivered
25 Liberty Dollars in his personal vehicle. On occasions when
26 his vehicle required maintenance, Innes indicated that he
27 used his wife's car for business. On 12/21/05 the UCE met
28 with Innes in the parking lot of the TARGET store located on
Airport Park Road, Arden, NC. Innes gave the UCE ten (10)
twenty Liberty Dollar (\$20 ALD) pieces which he transported
to that location in his car.

Innes transported Liberty Dollars, Liberty Dollar marketing
material, and Liberty Dollar referral payments to numerous
PATRIOT NETWORK meetings, including the meetings held on
10/11/05, 11/08/05, 11/16/05, 12/13/05, 8/8/06, and 10/10/06.
Additionally, the UCE witnessed Innes transporting Liberty
Dollars and Liberty Dollar marketing material to several
other meetings, including the Liberty Dollar University
sessions on 10/19/05, 10/20/05, 10/21/05, 10/27/06 and
10/28/06; the ATLANTA FREEDOM CONFERENCE from 11/11/05
through 11/13/05; Liberty Dollar meetings on 11/09/06 and
3/24/07; and several movie showings, including one at the
French Broad Food Co-Op on 12/16/05.

25 LEGALITY:

26 NORFED has marketed the ALD currency as "perfectly legal" and
27 uses quotes from inquiries to media representatives from
28 various government entities to legitimize the scheme. To
clarify the violations, particularly Title 18, U.S.C. Section
486, the United States Attorney's Office, Western District of

1 North Carolina requested a legal analysis from the Department
2 of Treasury of the Liberty Dollar as it relates to Title 18
U.S.C. Sections 486.

3 Additionally, the United States Attorney's Office coordinated
4 with the United States Mint. Based upon that coordination, a
5 United States Mint media release was issued to put NORFED,
6 NORFED members, and the general public on notice that
7 prosecutors of the Department of Justice have reviewed the
8 legality of the ALD currency and found that the coinage is in
violation of Title 18 U.S.C. Section 486. The release was
prepared and issued to clear up any erroneous statements
issued by government entities. The media release received
national media coverage in newspapers including USA Today,
The Washington Post, and The Asheville Citizen Times.

9 To ensure that NORFED and NORFED members were sufficiently
10 notified, the United States Mint sent letters to each NORFED
RCO informing them that prosecutors with the Department of
11 Justice had determined that utilizing the ALD coin as
currency was a violation of federal law.

12 On 11/28/06, von Nothaus sent an email LIBERTY DOLLAR NEWS:
13 November 2006 Vol. 8 No. 11, which contained twelve notes.
The third note in the newsletter indicated,

14 "The bank action and Mike's departure is not all...
15 "threatening" letters have been received via
certified mail by all the RCOs and myself from
16 Daniel P. Shaver, chief counsel for the US Mint.
The "Treasury Letter" re-hashed the Mint's warning
17 and informed all of us that the Department of
Justice has determined that the Liberty Dollar is
18 illegal as per 18 USC 486. Of course, that is
grossly erroneous as 486 only pertains to passing
or uttering an item of gold or silver as government
19 "coin" "legal tender" or "current money." The
Liberty Dollar has never been passed or uttered as
20 government money and they should know that, hence
the use of the propaganda machine to extinguish the
21 Liberty Dollar. I think the government is afraid
to take the Liberty Dollar to court because they
22 know the law and know that they cannot get a
conviction."

23 The text of the United States Mint Press Release is as
24 follows:

25 "The National Organization for the Repeal of the Federal
26 Reserve Act and the Internal Revenue Code (NORFED) is
producing and marketing gold and silver medallions that
27 NORFED calls "Liberty Dollars." The United States Mint and
the United States Department of Justice have received
28 inquiries regarding the legality of these so-called "Liberty
Dollar" medallions. The United States Mint urges consumers

1 who are considering the purchase or use of these items to be
2 aware that they are not genuine United States Mint bullion
3 coins and they are not legal tender. These medallions are
4 privately produced products and are not backed by, nor
5 affiliated in any way with, the United States Government.
6 Moreover, prosecutors with the Department of Justice have
7 determined that the use of these gold and silver NORFED
8 "Liberty Dollar" medallions as circulating money is a Federal
9 crime.

10 Consumers may find advertisements for these medallions
11 confusing and should take note of several issues related to
12 them.

13 First, the advertisements refer to the product as "real
14 money" and "currency." These medallions might look like real
15 money because they—

- 16 • Bear the inscriptions, "Liberty," "Dollars," "Trust in
17 God" (similar to "In God We Trust"), and "USA" (similar
18 to "United States of America"), and an inscription
19 purporting to denote the year of production; and
- 20 • Depict images that are similar to United States coins,
21 such as the torch on the reverses of the current dime
22 coin, 1986 Statue of Liberty commemorative silver
23 dollar and 1993 Bill of Rights commemorative half-
24 dollar, and the Liberty Head designs on the obverses of
25 United States gold coins from the mid-1800s to the early
26 1900s.

27 However, despite their misleading appearance, NORFED "Liberty
28 Dollar" medallions are not genuine United States Mint coins
and they are not legal tender.

Second, the advertisements confusingly refer to NORFED
"Liberty Dollar" medallions as "legal" and "constitutional."
However, under the Constitution (Article I, section 8,
clause 5), Congress has the exclusive power to coin money of
the United States and to regulate its value. By statute (31
U.S.C. § 5112(a)), Congress specifies the coins that the
Secretary of the Treasury is authorized to mint and issue and
requires the Secretary to carry out these duties at the
United States Mint (31 U.S.C. § 5131). Accordingly, the
United States Mint is the only entity in the United States
with the lawful authority to mint and issue legal tender
United States coins.

Under 18 U.S.C. § 486, it is a Federal crime to utter or
pass, or attempt to utter or pass, any coins of gold or
silver intended for use as current money except as authorized
by law. According to the NORFED website, "Liberty merchants"
are encouraged to accept NORFED "Liberty Dollar" medallions
and offer them as change in sales transactions of merchandise
or services. Further, NORFED tells "Liberty associates" that

1 they can earn money by obtaining NORFED "Liberty Dollar"
2 medallions at a discount and then can "spend [them] into
3 circulation." Therefore, NORFED's "Liberty Dollar"
4 medallions are specifically intended to be used as current
5 money in order to limit reliance on, and to compete with the
6 circulating coinage of the United States. Consequently,
7 prosecutors with the United States Department of Justice have
8 concluded that the use of NORFED's "Liberty Dollar"
9 medallions violates 18 U.S.C. § 486."

10 NORFED continued to operate the American Liberty Dollar
11 currency after the United States Mint notifications and
12 continues to portray and market the currency as legal. On
13 10/28/06, soon after the United States Mint warning, an
14 undercover employee (UCE) of the Federal Bureau of
15 Investigation (FBI) purchased a t-shirt at a Liberty Dollar
16 University (LDU) with the caption "The US Mint can bite me."

17 Additionally, Bernard von Nothaus started a "Legal Defense
18 Fund" based upon the US Mint warning and filed a civil
19 lawsuit in Federal District Court in the District of Indiana
20 against the United States Treasury, the United States Mint,
21 and the Department of Justice. The lawsuit seeks an
22 injunction against these government entities from making
23 statements that the Liberty Dollar violates federal law.

24 **ACCOUNTING FIRMS:**

25 Monthly and annual audits of NORFED's silver holdings used to
26 mint the Liberty Dollar are posted on their website,
27 www.libertydollar.org beginning in October 1998. Beginning
28 in October 1998 the auditing firm was **CLARK, ANDERSON,**
29 **MCNELIS & CO., Certified Public Accountants,** 460 West
30 Canfield Avenue, Suite 100, Coeur d'Alene, ID 83815,
31 telephone 208-772-6460, facsimile 208-772-8272.

32 On 06/28/07, Von Nothaus sent an email Liberty Dollar NEWS:
33 June 2007 Vol. 9 No. 6, which contained twelve notes. The
34 ninth note in the newsletter indicated,

35 "...But we have had a problem with the audits. In
36 fact, I regret to report that no audits were
37 performed from September 2006 through January 2007.

38 I am embarrassed to report that the original
39 auditor abandoned ship without informing us, in
40 spite of a signed contract. As I explain in the
41 letter posted on our site, for these missing
42 months, we tried repeatedly to get the Audit
43 Reports, then it took months to find a new Auditor
44 and finally to get the audit program back on track.

45 I am very pleased to report that because we started

1 with a new auditor, it was necessary to review all
2 the pervious audit reports, and ascertain that all
3 facts and figures are correct. And they are.
4 There is no missing information for any month."

5 According von Nothaus, no auditing procedures were
6 conducted from September 2006 through January 2007. The
7 auditing firm which confirmed the organization's silver
8 holdings during that time and the auditing firm which has
9 conducted monthly audits since January, 2007, was **ANDERSON**
10 **BROTHERS CPA's, PA**, 1810 E. Schneidmiller Avenue, Ste 310,
11 Post Falls, ID 83854, telephone 208-777-1099, facsimile 208-
12 773-5108.

13 The 2006 annual audit posted on the Liberty Dollar
14 website was signed by Tom Power, representing the Sunshine
15 Minting, Inc.; Dana Robson, CPA for CLARK, ANDERSON, MCNELIS
16 & CO.; Bernard von Nothaus, for NORFED, Inc.; and Alfredo
17 Pacheco, RCO, Witness. Previous annual audits posted were
18 generally signed by Tom Power, a representative of CLARK,
19 ANDERSON, MCNELIS & CO.; Bernard von Nothaus, and a witness,
20 not necessarily a Regional Currency Officer.

21 **COMPUTERS:**

22 NORFED's website at www.libertydollar.org is utilized to
23 market, sell, and provide information on how to circulate the
24 currency.

25 NORFED issues a news letter, operates a section of the
26 website to sell American Liberty Dollar coins, warehouse
27 receipts, and eDollars online, and manages the digital
28 edollar currency accounts online. Von Nothaus and NORFED
encouraged the RCO's to share ideas on the "RCO Only Chat
Room" online. RCO's also download art work, templates for
marketing material, and NORFED approved correspondence from
the website.

An Undercover Employee (UCE) of the Federal Bureau of
Investigation (FBI) who joined NORFED as a Liberty Dollar
Associate obtained a password access to an edollar account
associated with membership. The UCE was able to access the
account and cash out of the account online.

Two Undercover employees (UCE) of the Federal Bureau of
Investigation attended the Liberty Dollar University in
Evansville, Indiana in April of 2007. The UCEs provided a
description of the NORFED Fulfillment Office located at 225
North Stockwell Road, Evansville, Indiana 47715. The UCEs
observed at least six computers in the main office area and
one computer in Sarah Bledsoe's office. Bledsoe's office
also contains two safes. Sarah Bledsoe is the manager of the
Fulfillment Office.

Based upon the affiant's knowledge, training, and experience,

1 I know that searches and seizures of evidence from computers
2 commonly require Agents to seize most or all computer items
3 to include hardware, software, and instructions, to be
4 processed later by a qualified computer expert in a
5 laboratory or other controlled environment. This is almost
6 always true because computer storage devices (like hard
7 disks, diskettes, tapes, laser disks, Bernoulli drives, zip
8 drives, Personal Digital Assistants(PDA), USB drives, and
9 others) can store the equivalent of thousands of pages of
10 information. When the user wants to conceal criminal
11 evidence, he often stores it in random order with deceptive
12 file names. This requires searching authorities to examine
13 all the stored data to determine whether it is included in
14 the warrant. This sorting process can take weeks or months,
15 depending on the volume of data sorted. It would be
16 impractical to attempt this kind of data search on site.
17 Additionally, searching computer systems for criminal
18 evidence is a highly technical process requiring expert skill
19 and a properly controlled environment. The vast array of
20 computer hardware and software available requires even
21 computer experts to specialize in some systems and
22 applications, so it is difficult to know before a search
23 which expert should analyze the system and its data. The
24 search of a computer system is an exacting scientific
25 procedure which is designed to protect the integrity of the
26 evidence and to recover even "hidden", erased, compressed,
27 password-protected, or encrypted files. Since computer
28 evidence is extremely vulnerable to tampering and destruction
both from external sources and from destructive codes
imbedded in the system as a "booby trap", the controlled
environment of a laboratory is essential to its complete and
accurate analysis.

18 **CONCLUSION:**

19 NORFED has continued to operate the American Liberty Dollar
20 (ALD) after notification by the United States Mint and the
21 Department of Justice have reviewed the legal issues and have
22 found that the ALD currency violated federal law.

23 Bernard von Nothaus started a "Legal Defense Fund" based upon
24 the US Mint warning and filed a civil lawsuit in Federal
25 District Court in the District of Indiana against the United
26 States Treasury, the United States Mint, and the Department
27 of Justice.

28 NORFED uses Federal Reserve Notes (FRN) to conduct business.
FRN's are used to buy Liberty Dollar currency. This reliance
upon FRN's by a group opposed to FRN's demonstrates that the
American Liberty Dollar monetary system is simply a drain on
the United States Government's monetary system for financial
profit via fraudulent means.

The fact that NORFED and von Nothaus continue with the

1 criminal activity after clear warning from the United States
2 government demonstrates that the Liberty Dollar monetary
system is knowingly engaged in violating Title 18 United
States Code (U.S.C.) Sections 486 and 489.

3
4 On the basis of the above described facts, I respectfully
submit that there is probable cause to believe that Bernard
5 von Nothaus, William Kevin Innes, Sarah Bledsoe, NORFED,
Liberty Services, Inc., The Liberty Dollar, The Hawaii Dala,
6 Regional Currency Officers, Liberty Dollar Associates, and
participating Merchants have conspired to create, market,
7 utter, pass, sell, and circulate The American Liberty Dollar
currency in the form of coins, warehouse receipts, and
eDollars in violation of Title 18 United States Code, Section
8 489, making or possessing likeness of coins, Title 18 United
States Code, Section 486, Uttering coins of gold, silver or
9 other metal, Title 18 United States Code, Section 1341, Mail
Fraud, Title 18 United States Code, Section 1343, Wire Fraud
10 and Title 18 United States Code, Sections 1956 and 1957,
Money Laundering. It is also believed that Bernard von
11 Nothaus, Sarah Bledsoe, William Kevin Innes and others
engaged in Conspiracy to further the described criminal
12 enterprise in violation of Title 18 United States Code,
Section 371.

13
14 **JURISDICTION TO ISSUE OUT-OF-DISTRICT WARRANT**

15 Section 981(b)(3) of Title 18, United States Code, as amended
by CAFRA, now explicitly provides jurisdiction for the
16 issuance of seizure warrants for property located in other
districts. This statute provides as follows:

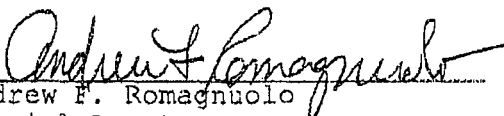
17 Notwithstanding the provisions of rule 41(a) of the Federal
18 Rules of Criminal Procedure, a seizure warrant may be issued
pursuant to this subsection by a judicial officer in any
19 district in which a forfeiture action against the property
may be filed under section 1355(b) of title 28, and may be
20 executed in any district in which the property is found.

21 Issuance of the seizure warrant in this district is
appropriate under the above statute, as this is the district
22 "in which...the acts or omissions giving rise to the
forfeiture occurred," 28 U.S.C. Section 1355 (b)(1)(A). As
23 provided in 18 U.S.C. Section 981(b)(3), the warrant may be
"executed in any district in which the property is found."

24 I therefore respectfully request that the Court issue a
25 Seizure Warrant for American Liberty Dollar and Hawaii Dala
currency; precious metals of gold, silver, copper, platinum,
26 or other substance; and United States currency which was
utilized in furtherance of the criminal activity described
27 herein and also represents proceeds of the criminal activity.

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Andrew F. Romagnuolo
Special Agent
Federal Bureau of Investigation
Asheville, North Carolina

Subscribed and sworn to before me this 9th day of November,
2007.

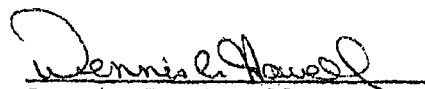

Dennis L. Howell
U.S. Magistrate Judge

EXHIBIT F



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

November 28, 2006

DIRECTOR
OF THE
MINT

The Honorable Bill Nelson
United States Senate
Washington, D.C. 20510-0905

Dear Senator Nelson:

I am writing in response to your letter of November 21, 2006, regarding an inquiry from your constituent, Albert Wagner. Mr. Wagner contacted your office about the United States Mint's efforts to inform the public and consumers about the National Organization for the Repeal of the Federal Reserve Act and Internal Revenue Code's (NORFED) "Liberty Dollars." NORFED markets and sells paper gold and silver certificates and gold and silver medallions, which it calls "Liberty Dollars," in an effort to replace United States currency with its own currency. NORFED claims that its "Liberty Dollars" are "100% backed and redeemable in gold and silver."

We have received several inquiries, like the one from Mr. Wagner, about the United States Mint's recent advisories about NORFED's "Liberty Dollars." In September, the United States Mint posted a consumer alert on our website at <http://www.usmint.gov/consumer/index.cfm?action=HotItems> concerning the gold and silver "Liberty Dollar" medallions. Since we introduced our consumer and business awareness webpages in 2003, the United States Mint has worked with the Fair Trade Commission and numerous state attorneys general and consumer protection agencies in an effort to advise the public of potentially misleading coin-like products. Like the other products we have featured on our "Hot Items" page, advertisements and other promotional media for the gold and silver "Liberty Dollar" medallions are potentially confusing to the public for several reasons.

First, the NORFED website and "Liberty Dollar" promotional materials refer to the medallions as "real money" and "currency," and claim that the "Liberty Dollar" medallions are "legal" and "constitutional." The medallions bear inscriptions and designs similar to those found on United States coinage, which may lead unwary merchants or consumers to accept the medallions as legal tender by mistake. In addition, the United States Mint is the only entity in the United States with the lawful authority to mint and issue legal tender United States coins.

Second, pursuant to 18 U.S.C. § 486,¹ it is a Federal crime to utter or pass, or attempt to utter or pass, any coins of gold or silver intended for use as current money except as authorized by law. Although the United States Mint does not have law enforcement authority, it is committed to

¹ 18 U.S.C. § 486: "Uttering coins of gold, silver or other metal. Whoever, except as authorized by law, makes or utters or passes, or attempts to utter or pass, any coins of gold or silver or other metal, or alloys of metals, intended for use as current money, whether in the resemblance of coins of the United States or of foreign countries, or of original design, shall be fined under this title or imprisoned not more than five years, or both."

-2-

ensuring that the public and the numismatic community are made aware of this law so that they do not unwittingly become involved in criminal activity by using these gold and silver "Liberty Dollar" medallions as circulating money.

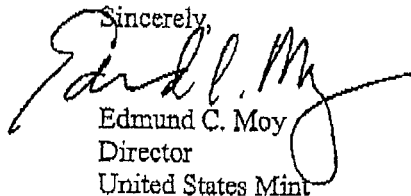
Some with NORFED have argued that its "Liberty Dollar" medallions are justified because the United States Constitution requires the states to use gold and silver coin as tender to pay their debts. Although Article I, section 10, of the United States Constitution prohibits the states from declaring legal tender anything other than gold or silver, it does not limit Congress's power to declare what shall be legal tender for all debts.² Consistent with this power, 31 U.S.C. § 5103 states that "United States coins and currency (including Federal reserve notes and circulating notes of Federal reserve banks and national banks) are legal tender for all debts, public charges, taxes, and dues." Accordingly, while a *state* may not declare anything but gold and silver coin as legal tender for the payment of debts, Congress definitely can and, indeed, it has done so.

Your constituent, and others concerned about NORFED's "Liberty Dollars," have also referred to statements by Treasury Department, Bureau of Engraving and Printing, Federal Reserve, or United States Secret Service officials that the NORFED paper gold and silver certificates are not counterfeit Federal Reserve Notes and appear to be part of a barter system. The United States Mint, however, has tailored its information to the public on the use of NORFED's gold and silver medallions—not NORFED's paper gold and silver certificates. Because 18 U.S.C. § 486 addresses only "coins of gold or silver or other metal, or alloys of metals, intended for use as current money," paper gold and silver certificates do not appear to be covered by this proscription.

Finally, our Chief Counsel has had several telephone conversations with NORFED's lawyer, Marion Harrison, answering the questions and addressing the concerns that NORFED and Mr. Harrison have raised about the United States Mint's practices. As the Chief Counsel has pointed out to Mr. Harrison, and as you can see by reviewing the documents forwarded by your constituent, the contents of the United States Mint's consumer awareness website and the letters sent to NORFED's "Regional Currency Officers" are in no way defamatory; moreover, the United States Mint has not released the contents of any of these letters to third parties.

I hope this information is helpful. Please do not hesitate to let me know if I may be of further assistance to you or your constituent.

Sincerely,


Edmund C. Moy
Director
United States Mint

² See *United States v. Rifen*, 577 F.2d 1111, (8th Cir. 1978) (citing *The Legal Tender Case*, 110 U.S. 421, 446, 28 L. Ed. 204, 4 S. Ct. 122 (1884); *Chermack v. Bjornson*, 302 Minn. 213, 223 N.W.2d 659 (1974), cert. denied, 421 U.S. 915, 95 S. Ct. 1573, 43 L. Ed. 2d 780 (1975)).