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NOV - 9 2007

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

WESTERN DISTRICT OF NORTH CAROLINA

ASHEVILLE, NORTH CAROLINA

AFFIDAVIT

No. 5: 1:07 mjd 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

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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
Internal Revenue Code" (NORFED). However, the name NORFED is
located on the minted Liberty Dollar coin. For the purpose
of this affidavit the company will be referred to as NORFED.

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

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

8 **NORFED LEADERSHIP:**

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

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

14 **SARAH BLEDSOE** is the NORFED Fulfillment Office Manager in
15 Evansville, Indiana.

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

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

22 "It is with shock and disappointment that I must
23 inform you that Mike Johnson has resigned, telling
me he was too "concerned" to be the Executive
24 Director. So now I have to add "courage" to my
list of requirements for an Executive Director. Of
25 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.
26 In fact, we have very little for his 2-1/2 months
on the job. We wish Mike well and are now
27 accepting applications for a new "courageous"
28 Executive Director, please."

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1 **FEDERAL BUREAU OF INVESTIGATION UNDERCOVER OPERATION:**

2 From August of 2005 until July of 2007, The Federal Bureau of
 3 Investigation (FBI) conducted an Undercover Operation to
 4 determine the legality of the American Liberty Dollar
 5 Currency. A Cooperating Witness (CW) and three FBI
 6 Undercover Employees (UCE) joined NORFED as Liberty Dollar
 7 Associates. The information provided within this affidavit
 8 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.

9 **AMERICAN LIBERTY DOLLAR (ALD) COINS:**

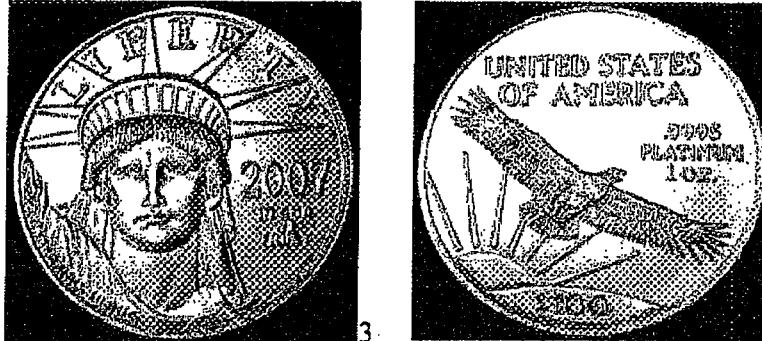
10 The Liberty Dollar coins, which NORFED calls "Liberties" or
 11 "medallions," are made of silver, gold, or copper depending
 upon the denomination of the coin. The word Liberty is
 12 scrolled across the top front of the coin. The image of a
 head wearing a crown, the letters USA, and "Trust In God" are
 also located on the front side of the coin. On the reverse,
 13 a torch, the words "Liberty Dollar" and the date are present.
 The combinations of images and wording are similar to the
 14 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.

15 The images below are of an American Liberty Dollar
 16 \$20.00 denomination coin:



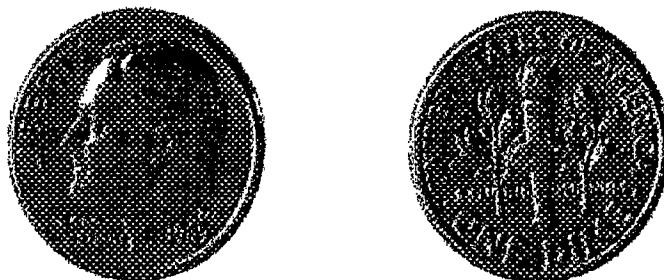
22 The images below are of similar United States Mint coinage:

23 US Mint 2007 Platinum Eagle coin



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1 Roosevelt Dime 1946 - present
2



8 US Mint 2007 \$1.00 Presidential Coins
9



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

17 **Making or possessing likeness of coins**

18 "Whoever, within the United States, makes or brings therein from
19 any foreign country, or possesses with intent to sell, give away,
20 or in any other manner uses the same, except under authority of the
Secretary of the Treasury or other proper officer of the United
21 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
22 under the authority of the United States or under the authority of
any foreign government shall be fined under this title."

23

24 **HAWAII DALA:**

25 The Hawaii Dala coins are precious metal medallions of the
26 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."
27 The Hawaii Dala also exists in the form of warehouse
receipts, similar to the Liberty Dollar.

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

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

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

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

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

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

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

39 **CURRENCY BACKED BY PRECIOUS METAL:**

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

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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.

17 Page 43 of a pamphlet distributed in the Liberty Dollar
 18 Associate membership package indicated:

- 19 Guidelines for Regional Currency Offices
- 20 1. Requirements for Establishment of a Regional
 Currency Office
- 21 a. An Applicant for RCO status must have a
 personal Net Worth in excess of \$50,000 USD.
- 22 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.
- 23 c. An Applicant for RCO status must agree to
 abide by the RCO Code of Ethics.
- 24 d. An Applicant for RCO status must agree to
 support local Liberty Merchants by offering
 conversion of excess Liberty Dollars to FRNs when
 necessary.
- 25 *(Note: FRN is an abbreviation for Federal Reserve
 Note)*
- 26 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
current NORFED pricing structures.

3 (Note: LA is an abbreviation for Liberty
Associate)

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

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

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

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

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

24 The marketing system NORFED operates to sell the currency
into circulation is a multi-level marketing scheme. The
25 scheme gives NORFED, RCOs, and Associates a profit for
selling the ALDs into circulation. When the ALD reached the
26 point of being unprofitable, NORFED conducted a "move up" of
the currency. In 1998, the ALD currency was minted using a
27 \$10.00 base, meaning that a \$10.00 ALD coin, eDollar, or
warehouse receipt was backed by one troy ounce of silver. In
28 November of 2005, the thirty (30) day moving average of the

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

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

11 The use of bank accounts and negotiable instruments which
12 convert to United States currency demonstrates NORFED's
13 willingness to use and profit from United States currency
which NORFED describes as worthless. Additionally, NORFED
14 uses bank accounts to facilitate the distribution, sale, and
circulation of the American Liberty Dollar currency. The
15 following banks and accounts have been utilized by NORFED to
do so:

16 **BANK ACCOUNTS:**

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

21 An analysis of account #**7800025301** records dated from
22 October of 2002 to September of 2005 indicated that checks
were written to Sunshine Minting, Inc., in excess of
23 \$140,000.00; Bernard von Nothaus, in excess of \$114,000.00;
Cash, endorsed by Bernard von Nothaus and other known
24 employees in excess of \$92,500.00; Random von Nothaus, for
\$150.00; Suzy Nothouse and/or Suzy Nothhouse in excess of
25 \$11,500.00; Kevin Innes for \$1,700.00; Michelle Jones in
excess of \$37,500; Raylene Callis in excess of \$5,300.00;
Sarah Bledsoe in excess of \$56,800.00; Telle Presley in
excess of \$5,700.00; United Parcel Service in excess of
26 \$64,000.00; UPS in excess of \$2,500.00; Post Office and
Postmaster for approximately \$2,500.00; Clark, Anderson,
27 McNelis & Co., P.A. in excess of \$4,400.00; Coin World for

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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

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

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

33 Opening documentation for the account show the account
34 holders as Bernard von Nothaus and Sarah Bledsoe.

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

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

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

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

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

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

7 **FULFILLMENT OFFICE, a.k.a. NORFED HEADQUARTERS:**

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

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

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

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

24 UCEs of the FBI received their Liberty Dollar Associate
currency purchases and Liberty Dollar Associate membership
25 materials at the Fulfillment Office from Sarah Bledsoe during
their attendance at Liberty Dollar University in April of
26 2007.

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

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1

THE NORFED PROFIT SCHEME:

2

The "formula" used to determine the different prices of silver begins with the "spot silver price" of one ounce of 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 added; a "shipping fee" is added; and NORFED's profit is 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 then sell the Liberty Dollar for whatever amount/price he/she deems appropriate. NORFED recommends, and the general practice of the RCO's, is to then split the difference between the RCO rate and the "face value" of the coin. This 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 willing to accept and circulate the currency. However, some RCOs sell to their Merchants by splitting the difference 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 "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 regional training events called Liberty Dollar University (LDU). An Associate or RCO may attend Liberty Dollar University for the price of two-hundred United States dollars (\$200.00 USD) per attendee. Within the membership training materials and as a part of the LDU training, the organization provides a sales method called "The Drop." Using "The Drop," the NORFED member approaches a business person to attempt to persuade them to utilize the ALD currency. The NORFED member 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 member then asks, "Do you take silver?" They do not describe or offer any explanation that the ALD is an alternative currency. Additionally, if the person is reluctant to take the ALD coin, the NORFED member is instructed to provide United States currency instead. NORFED describes United States currency as Federal Reserve Notes (FRN) of Fiat Currency.

28

In NORFED's training material provided to all Liberty Dollar

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

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

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

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

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

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

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

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

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

38 Crossover point from the \$10 to the \$20 Silver Base
39 is \$7.50 30DMA (30 Day Moving Average)
40 Crossover point from the \$20 to the \$50 Silver Base
41 is \$16.00 30DMA
42 Crossover point from the \$50 to the \$100 Silver
43 Base is \$41.50 30DMA
44 Crossover point from the \$100 to the \$250 Silver
45 Base is \$84.00 30DMA
46 Crossover point from the \$250 to the \$500 Silver

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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
final stage of the \$10 Silver Base to the profits reaped at
the initial stage of the \$20 Silver Base for the one ounce
coin:

5 **\$10 Silver Base (previously explained for \$6 Spot Price)**

6 RCO Rate = \$7.50

7 Associate Rate = \$8.75

Face Value = \$10.00

8 **\$20 Silver Base**

9 Spot Silver Price = \$8.00

10 RCO Rate = \$8.00 (Spot price) + \$3.00 (Fabrication &
Overhead) = \$11.00 (Shipping costs are not included in these
calculations.)

11 Associate Rate = \$11.00 + \$4.50 (Half the difference between
\$11 and \$20) = \$15.50*

12 Face Value = \$20.00

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

15 "Our earlier experience has taught us to set the
maximum Associate discount at 20% from face value;
therefore the Associate Quote at \$8 silver would be
\$16, not \$15.50. We anticipate this period to be
very brief but any windfall would help compensate
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
the spot silver sold for \$8.00 provided the RCOs with a \$5.00
21 profit per coin. The difference in spot price is two dollars
(\$2) but the difference in profit margin is three dollars and
seventy-five cents (\$3.75).

22 This disparity in spot price and profit margin is
dramatically inflated as the Silver Base rises. Based on the
23 calculations for the \$500 Silver Base, the RCOs will profit
\$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
an undercover employee (UCE) of the Federal Bureau of
Investigation (FBI) Bernard von Nothaus, the Monetary
27 Architect of the Liberty Dollar, stated that the "move up" or
"Crossover" to the \$50 Silver Base would occur when the 45
28 day moving average of the spot price of silver reached

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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
Chairman of the Board. Von Nothaus also identified himself
as the President of the RCO Congress.

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

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

30 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
would not be pertinent and the organization would grow. Von
Nothaus stated that he was running a multi-million dollar
company and needed a business person with twenty (20) years
of marketing experience. Von Nothaus stated that he could
not convert a Patriot to be someone with twenty (20) years of
experience, but he could convert a business person into a
Patriot.

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

12 At Liberty Dollar University #7, held from 10/19/05 through
13 10/22/05 and at Liberty Dollar University #11, held from
14 10/25/06 through 10/28/06, Innes and von Nothaus were the
primary instructors for the entirety of the training events.
15 Innes primarily taught marketing techniques. Von Nothaus
primarily taught the business profit margin methodology.

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

19 On 08/28/07, during a search of www.allwhois.com for the
20 domain ownership of www.libertydollar.org, it was determined
that the domain registrant is Sarah Bledsoe, von Nothaus'
21 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.

23 **BERNARD VON NOTHAUS' VEHICLE:**

24 The vehicle is described by an undercover employee (UCE) of
the Federal Bureau of Investigation (FBI) as a luxury
25 vehicle. On 3/24/07, in a recorded meeting between the UCE
and von Nothaus, von Nothaus stated that the government
26 couldn't have him driving around in a silver Cadillac. On
08/28/07, a Department of Motor Vehicles check indicated that
27 von Nothaus and Mary von Nothouse are associated by listing
themselves as insured drivers for the same vehicle, which was
28 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,
Evansville, IN 47715-2472.

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

16 On several occasions from October 2005 to May 2007, the UCE
17 witnessed von Nothaus carrying a briefcase and other
18 containers which were transported in his vehicle or the
19 vehicle in which von Nothaus was riding. The briefcase and
20 other containers transported newly updated marketing material
21 for the Liberty Dollar, Liberty Dollars, proofs for newly
22 minted or soon-to-be minted Liberty Dollars and State
23 Monetary Initiative Liberty Dollars, striking equipment for
24 von Nothaus to specifically mark individual coins to add
25 value to the coins in the numismatic market, proofs for the
26 Royal Hawaiian Mint silver coins, t-shirts, RCO supplies, and
27 other miscellaneous items which contribute to the
28 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.

19 On 3/24/07, the UCE and von Nothaus attended a Liberty Dollar
20 meeting in Asheville, NC. Von Nothaus provided everyone in
21 the group with an updated version of the Liberty Dollar
22 brochure. Additionally, von Nothaus passed Liberty Dollar
23 coins and coins from the Royal Hawaiian Mint around the
24 table. The coins included the new California \$20 Liberty
25 Dollar; Liberty Dollars/Libertads from Panama and Ecuador;
26 the Hawaii Dala, in denominations of five dollars (\$5.00
27 ALD), ten dollars (\$10.00 ALD) and twenty dollars (\$20.00
28 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.

25 **METHODS OF DISTRIBUTION:**

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

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

4 An Undercover Employee (UCE) of the Federal Bureau of
5 Investigation (FBI) also accessed the on-line eDollar account
6 with a forty-dollar (\$40.00) purchase of the initial
7 Associate package. The UCE cashed out of the eDollars and
8 received a check for thirty dollars and thirty-eight cents
9 (\$30.38).

10 **METHODS OF MARKETING AND COMMUNICATION:**

11 An UCE of the FBI also joined NORFED'S egroup which
12 distributes marketing information via the internet. The UCE
13 documented and maintained all egroup communications conducted
14 with the NORFED egroup. The communications include
15 information on the "move ups", information regarding NORFED'S
16 decision to continue to market and distribute the currency
17 after the US Mint warning, and other information related to
18 the operation and usage of the currency.

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

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

29 The chapter continues by comparing the Liberty Dollar's
30 competition with the currency of United States to the United
31 States Postal Service's competition with FedEx. These
32 statements highlight the intent of NORFED - The National
33 Organization for the Repeal of the Federal Reserve and
34 Internal Revenue Codes, to replace and/or compete with the
35 financial systems of the United States of America to
36 undermine the existing economic system.

37 At the Merchant level of membership the member merchant signs
38 an agreement with the RCO and receives a discounted rate on
39 the purchase of ALD currency. The focus of the RCOs and the
40 Associates is to sign up as many Merchants as possible in
41 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
Regional Currency Officer's individual websites.

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

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

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

1 **Uttering coins of gold, silver or other metal**

2 "Whoever, except as authorized by law, makes or utters or passes,
3 or attempts to utter or pass, any coins of gold or silver or other
4 metal, or alloys of metals, intended for use as current money,
5 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."

6 **SUNSHINE MINT:**

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

11 The physical precious metal holdings are located at the
12 Sunshine mint. Based upon the information on the mint
13 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.

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

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

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

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

26 Using the 11/08/2007 spot price of silver at \$15.34 and the
27 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

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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
2 \$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
7 "move up". The information was obtained during a consensual
8 recording of Bernard Von Nothaus on 3/24/07.
9

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

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

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

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

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

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

47 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
dependent upon the face value denomination of the warehouse
receipt. For example, at the \$20.00 base currency level, one
\$20.00 Warehouse Receipt is backed by one troy ounce of
silver. The part of the fraudulent scheme NORFED portrays
the ALD currency as a barter system instead of currency.
Therefore, the \$20.00 Warehouse receipt is circulated at a
value of \$20.00 but the actual value of the silver is at the
daily spot price, which is significantly lower than the face
value. NORFED, the RCOs, Associates, and member merchants
make money circulating the currency. The only parties in the
process who deal with the ALD currency at face value are the
unwitting victims left holding the ALD currency after all the
co-conspirators have made their money.

17 The Sunshine Mint maintains \$50.00 base ALD coins and other
18 precious metal holdings that back the Warehouse receipts in
19 addition to the Mint's Safekeeping account. The holdings at
20 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.

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

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

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

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

3 About Verify First Technologies, Inc.

4 VFT provides advanced security solutions to 23 countries
5 utilizing unique anti-copy and verification security
6 technologies. VFT develops, licenses, and provides patented
7 security technologies for both the brand product and document
8 industries. VFT has been issued twelve U.S., Canada and
9 European patents and has numerous patents pending for other
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
description:

14 "ProDocumentSolutions offers a wide range of unique
15 patented technologies that provide both covert and overt
protection for product fraud or diversion protection. We
16 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
www.libertydollar.org/elibertydollars/learn_more.html
20 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,
credit/debit cards, wires and EFTs don't move physical

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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!

29 Fees for using the digital Liberty Dollar are free for all
30 transactions under \$20. And only 41 cents for any payment of
31 \$20 or more, paid by the payee. For the cost of a postage
32 stamp, you can now send silver backed Liberty Dollars
33 anywhere in the world instantly and at a fraction of the cost
34 of typical banking fees. All digital Liberty Dollars are 100%
35 redeemable in .999 fine Silver Libertys, Silver Certificates
36 or exchangeable into US dollar as specified.

37 "We created the digital Liberty Dollar to marry the strength
38 of silver backed currency with the speed and convenience of
39 the Internet," said Bernard von Nothaus, Monetary Architect
40 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

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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
Notthaus 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

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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,
they have to be willing to "accept it and actively
give it as change."

"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.

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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 ½ 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
provided the UCE with seventeen (17) ounces of silver ALD
9 coins which had been maintained inside Innes' home.

10 While inside Innes' home, Innes gave the UCE silver at a
11 Liberty Dollar Associate rate of seventeen dollars and
twenty-five cents (\$17.25). Seventeen (17) ounces were
12 provided in denominations of twenty dollars (\$20.00 ALD) and
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
located on the ground floor. The UCE believed there may be
24 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

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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
any other business locations since Innes operated out of the
17 20 Battery Park Avenue #410, Asheville, North Carolina
location.

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

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

24 Telephone number (828) 275-5360 is the telephone number
25 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.

26 The United States Postal Service (USPS) reported on
27 11/08/2007 that Innes currently receives mail at the 7 ½
Green Oak Road address.

28 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 is a single
story conventional building with a gable roof.

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

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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 ½
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
1 his vehicle required maintenance, Innes indicated that he
2 used his wife's car for business. On 12/21/05 the UCE met
3 with Innes in the parking lot of the TARGET store located on
4 Airport Park Road, Arden, NC. Innes gave the UCE ten (10)
5 twenty Liberty Dollar (\$20 ALD) pieces which he transported
6 to that location in his car.

7 Innes transported Liberty Dollars, Liberty Dollar marketing
8 material, and Liberty Dollar referral payments to numerous
9 PATRIOT NETWORK meetings, including the meetings held on
10 10/11/05, 11/08/05, 11/16/05, 12/13/05, 8/8/06, and 10/10/06.
11 Additionally, the UCE witnessed Innes transporting Liberty
12 Dollars and Liberty Dollar marketing material to several
13 other meetings, including the Liberty Dollar University
14 sessions on 10/19/05, 10/20/05, 10/21/05, 10/27/06 and
15 10/28/06; the ATLANTA FREEDOM CONFERENCE from 11/11/05
16 through 11/13/05; Liberty Dollar meetings on 11/09/06 and
17 3/24/07; and several movie showings, including one at the
18 French Broad Food Co-Op on 12/16/05.

19 **LEGALITY:**

20 NORFED has marketed the ALD currency as "perfectly legal" and
21 uses quotes from inquiries to media representatives from
22 various government entities to legitimize the scheme. To
23 clarify the violations, particularly Title 18, U.S.C. Section
24 486, the United States Attorney's Office, Western District of

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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
United States Mint media release was issued to put NORFED,
NORFED members, and the general public on notice that
prosecutors of the Department of Justice have reviewed the
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
Justice had determined that utilizing the ALD coin as
11 currency was a violation of federal law.

12 On 11/28/06, von Nothaus sent an email LIBERTY DOLLAR NEWS:
November 2006 Vol. 8 No. 11, which contained twelve notes.
13 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
Daniel P. Shaver, chief counsel for the US Mint.
16 The "Treasury Letter" re-hashed the Mint's warning
and informed all of us that the Department of
Justice has determined that the Liberty Dollar is
illegal as per 18 USC 486. Of course, that is
18 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.
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.

6 Consumers may find advertisements for these medallions
7 confusing and should take note of several issues related to
them.

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

- 10 · Bear the inscriptions, "Liberty," "Dollars," "Trust in
God" (similar to "In God We Trust"), and "USA" (similar
11 to "United States of America"), and an inscription
purporting to denote the year of production; and
- 12 · Depict images that are similar to United States coins,
such as the torch on the reverses of the current dime
13 coin, 1986 Statue of Liberty commemorative silver
14 dollar and 1993 Bill of Rights commemorative half-
15 dollar, and the Liberty Head designs on the obverses of
United States gold coins from the mid-1800s to the early
16 1900s.

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

19 Second, the advertisements confusingly refer to NORFED
"Liberty Dollar" medallions as "legal" and "constitutional."
However, under the Constitution (Article I, section 8,
20 clause 5), Congress has the exclusive power to coin money of
the United States and to regulate its value. By statute (31
21 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
22 with the lawful authority to mint and issue legal tender
United States coins.

23 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
24 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

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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
 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."

6 NORFED continued to operate the American Liberty Dollar
 7 currency after the United States Mint notifications and
 continues to portray and market the currency as legal. On
 8 10/28/06, soon after the United States Mint warning, an
 undercover employee (UCE) of the Federal Bureau of
 9 Investigation (FBI) purchased a t-shirt at a Liberty Dollar
 University (LDU) with the caption "The US Mint can bite me."
 10 Additionally, Bernard von Nothaus started a "Legal Defense
 Fund" based upon the US Mint warning and filed a civil
 11 lawsuit in Federal District Court in the District of Indiana
 against the United States Treasury, the United States Mint,
 12 and the Department of Justice. The lawsuit seeks an
 injunction against these government entities from making
 13 statements that the Liberty Dollar violates federal law.

14 **ACCOUNTING FIRMS:**

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

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

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

23
 24 I am embarrassed to report that the original
 auditor abandoned ship without informing us, in
 spite of a signed contract. As I explain in the
 25 letter posted on our site, for these missing
 months, we tried repeatedly to get the Audit
 Reports, then it took months to find a new Auditor
 26 and finally to get the audit program back on track.

27
 28 I am very pleased to report that because we started

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1 with a new auditor, it was necessary to review all
2 the previous 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
29 encouraged the RCO's to share ideas on the "RCO Only Chat
30 Room" online. RCO's also download art work, templates for
31 marketing material, and NORFED approved correspondence from
32 the website.

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

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

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

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I know that searches and seizures of evidence from computers commonly require Agents to seize most or all computer items to include hardware, software, and instructions, to be processed later by a qualified computer expert in a laboratory or other controlled environment. This is almost always true because computer storage devices (like hard disks, diskettes, tapes, laser disks, Bernoulli drives, zip drives, Personal Digital Assistants(PDA), USB drives, and others) can store the equivalent of thousands of pages of information. When the user wants to conceal criminal evidence, he often stores it in random order with deceptive file names. This requires searching authorities to examine all the stored data to determine whether it is included in the warrant. This sorting process can take weeks or months, depending on the volume of data sorted. It would be impractical to attempt this kind of data search on site. Additionally, searching computer systems for criminal evidence is a highly technical process requiring expert skill and a properly controlled environment. The vast array of computer hardware and software available requires even computer experts to specialize in some systems and applications, so it is difficult to know before a search which expert should analyze the system and its data. The search of a computer system is an exacting scientific procedure which is designed to protect the integrity of the evidence and to recover even "hidden", erased, compressed, password-protected, or encrypted files. Since computer 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.

17

CONCLUSION:

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

21

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

24

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.

28 The fact that NORFED and von Nothaus continue with the

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

5 On the basis of the above described facts, I respectfully
6 submit that there is probable cause to believe that Bernard
7 von Nothaus, William Kevin Innes, Sarah Bledsoe, NORFED,
8 Liberty Services, Inc., The Liberty Dollar, The Hawaii Dala,
9 Regional Currency Officers, Liberty Dollar Associates, and
10 participating Merchants have conspired to create, market,
11 utter, pass, sell, and circulate The American Liberty Dollar
12 currency in the form of coins, warehouse receipts, and
13 eDollars in violation of Title 18 United States Code, Section
14 489, making or possessing likeness of coins, Title 18 United
15 States Code, Section 486, Uttering coins of gold, silver or
16 other metal, Title 18 United States Code, Section 1341, Mail
17 Fraud, Title 18 United States Code, Section 1343, Wire Fraud
18 and Title 18 United States Code, Sections 1956 and 1957,
19 Money Laundering. It is also believed that Bernard von
20 Nothaus, Sarah Bledsoe, William Kevin Innes and others
engaged in Conspiracy to further the described criminal
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
16 by CAFRA, now explicitly provides jurisdiction for the
issuance of seizure warrants for property located in other
districts. This statute provides as follows:

17

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

21

22 Issuance of the seizure warrant in this district is
appropriate under the above statute, as this is the district
23 "in which...the acts or omissions giving rise to the
forfeiture occurred," 28 U.S.C. Section 1355 (b) (1) (A). As
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

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

28

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Andrew F. Romagnuolo
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

Dennis L. Howell
U.S. Magistrate Judge