

'Liberty Dollar' causes concern in the region

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LACONIA — It's not legal tender, although at least one business has been fooled into believing it is, according to Belknap County Sheriff Dan Collis.



Collis said an unidentified local business accepted a "Liberty Dollar" in exchange for its product without realizing that the coin, marked \$10, is not legal tender and is not issued by the Federal Reserve. It's issued by a private company in Evansville, Ind. — the Liberty Dollar National Fulfillment Office.

The coin is not exactly a commemorative piece, though, and it's not a counterfeit, either.

"It's not legal tender; it's better than legal tender," said Charlie Hampe, who runs the regional currency office in Belmont for the Liberty Dollar national office.

When the complaint about a particular Liberty \$10 coin first reached Collis, he called the Secret Service — the federal agency responsible for

investigating counterfeit money. The Secret Service is aware of the Liberty Dollar, Collis explained, but because the dollar does not replicate a Federal Reserve note, it is not illegal.

A LIBERTY \$10 COIN, shown here, is minted by a private company in Evansville, Ind. It is not legal tender, although it is composed of one ounce of 99.9 percent pure silver and can be exchanged for goods and services in some locations. The Belknap County Sheriff's Department is concerned that some local people and businesses might unwittingly accept them. (Courtesy Photo)

Collis is conducting an investigation, however, because the person who used the Liberty Dollar may have presented it as legal currency, which might constitute a crime.

"Services were rendered," Collis said.

But Hampe said that the coins — or notes, because the Liberty Dollar is issued in paper form, as well — were never meant to be confused with legal tender. He offered to buy the note back from the business at face value.

"I will buy them back from anyone," he said.

The notes, he said, are designed to help reduce inflation and improve the value of a U.S. dollar, he explained.

The \$10 Liberty coin is backed by one ounce of silver, currently worth about \$6.92. Add minting and transportation costs, and you arrive at the coin's \$10 price tag.

Bernard von NotHaus, a self-described "monetary architect," created it seven years ago. On his website, libertydollar.org, NotHaus explains that his dollar cannot fluctuate in the same way that a Federal Reserve note, which is not backed by precious metals, can.

Throughout the latter part of the 19th century, the United States' system of backing each dollar with a particular amount of gold was criticized by Midwestern farmers, who felt that the gold standard gave Eastern banks too much control. Throughout the 20th century, the federal government moved further from the gold standard until, in 1971, President Richard Nixon abolished it altogether.

NotHaus argues that the abolition of the gold standard has harmed the American dollar, caused inflation and generally devalued the U.S. economy.

Rachelle Moseley, the Regional Currency Office manager for Liberty Dollar, said that about \$15 million in Liberty Dollars are currently circulating in the United States.

"The Liberty Dollar acts alongside Federal Reserve Notes," she said. "I don't know that the Federal Reserve can ignore that forever."

Hampe agrees. He said that the ultimate goal of the Liberty Dollar would be to force the Federal Reserve to return to a form of currency backed by precious metals. That kind of currency is not as susceptible to inflation, he said, and inflation harms those living on savings and fixed incomes.

"You don't feel the effect (of inflation) on a short-term basis," he said. But, he went on, "If you put that money in a bank or you put it under your mattress" the money's value depreciates.

The Liberty Dollar is catching on locally, too, Hampe said. He explained that 14 local businesses accept Liberty Dollars in exchange for goods and services.

Winnisquam Pizza and Subs even provides a \$2 discount to those who purchase food with Liberty Dollars. Two large pizzas, which cost \$24 in Federal Reserve notes, cost only \$20 in Liberty Dollars.

"You can't devalue the price of silver because it's controlled by the metals market," said the restaurant's owner, Ed Clifford. Mostly, though, Clifford accepts Liberty Dollars because he likes the coins.

"Most people are buying them to collect them," he said, "I guess it's like playing with Monopoly money."

The Liberty Dollars cannot be deposited in banks, and only a few of the wholesalers who provide Clifford with the products to run his business will accept Liberty Dollars.

"It's just a barter system," Clifford said.

Trustworthy Hardware in Laconia accepts the dollars, as well.

"I thought they were a good thing ... even if they aren't legal (tender)," Mo Martineau, the

store's owner, said.

He said that Trustworthy Hardware has accepted Liberty Dollars for about a month. The store cannot buy any products from wholesalers with Liberty Dollars, he said, but some customers still like to use them.

"They'll always be worth \$10," Martineau said.

Collis is concerned about the Liberty Dollar, however, because it looks so much like an official coin. He is afraid that more businesses and people will inadvertently accept the Liberty Dollar in exchange for goods and services, when they cannot use it to purchase goods and services themselves.



"The way things get busy," the sheriff said, "people have a tendency to get confused."

He hopes that a growing awareness among members of the public will prevent further confusion. He added that he is still conducting a criminal investigation into the case of a Liberty Dollar being used to make a purchase from that unidentified business.

Anyone who feels he has been tricked into accepting non-legal tender as payment for goods or services, Collis said, is encouraged to contact a local law enforcement agency.

Courtesy Photo LIBERTY DOLLARS, shown here, are minted and printed by a private company in Evansville, Ind. They are not legal tender, although they are backed by precious metals and can be exchanged for goods and services in some locations. The Belknap County Sheriff's Department is concerned that some local people and businesses might unwittingly accept them.