

# *Liberty Dollar producer files lawsuit*

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Is it legitimate currency or nothing more than funny money?

That's the question at the heart of a dispute between the federal government and the Evansville-based organization behind an alternative currency known as the Liberty Dollar - a "private voluntary barter currency" that was the subject of a federal warning last year.

Bernard von NotHaus, who supervises the production and distribution of the Liberty Dollar as a self-described "monetary architect," filed suit in U.S. District Court in Evansville on Tuesday against U.S. Treasury Secretary Henry M. Paulson, Attorney General Alberto Gonzales and U.S. Mint Director Edmond C. Moy.

The lawsuit seeks a permanent injunction against the federal government to force it to stop referring to the Liberty Dollar as an illegal currency and to require the removal of a warning from the U.S. Mint's Web site stating that use of the Liberty Dollar violates federal law.

In September, the U.S. Mint issued a public warning to Liberty Dollar users, saying federal prosecutors had determined circulation of the medallions, which are produced at a private mint in Idaho, is a federal crime.

A U.S. Mint spokeswoman said at that time merchants were confused by consumers who tried to use the currency to purchase items.

In the U.S. Mint's warning last fall, it said Liberty Dollars were engraved with words such as "liberty," "dollars" and "Trust in God," as well as symbols such as torches and liberty heads that could be confused with federal currency.

Liberty Dollars were first produced in 1998 by a group called NORFED - the National Organization for the Repeal of the Federal Reserve Act. The lawsuit says that group has dissolved, but the Liberty Dollar continues to be produced and distributed through an entity called Liberty Services.

On the Liberty Dollar Web site, the currency is touted as an alternative to Federal Reserve notes, and are promoted as "inflation proof." The site claims more than \$20 million has been exchanged for Liberty Dollar medallions, which are the size of a coin and backed by silver reserves.

Von NotHaus said by telephone Tuesday he has never claimed Liberty Dollars are a legal currency backed by the U.S. government.

"We have never, ever referred to the Liberty Dollar as legal tender," he said. "It's private."

Von NotHaus said use of the coin is "totally voluntary" on the part of merchants and consumers. He drew a comparison to American Express.

"Some merchants just say 'We don't take that,'" von NotHaus said. "It's up to them to decide to take it."

He also compared the Liberty Dollar situation to that of FedEx, which also competes with a federal entity: the U.S. Postal Service.

A U.S. Mint spokeswoman said Tuesday it has not reviewed the suit.

"Neither the United States Mint, nor the Department of the Treasury has been served with this lawsuit," Becky Bailey, public affairs director of the U.S. Mint, wrote in an e-mail.

"In any regard, the Department of the Treasury and the United States Mint do not comment on pending litigation."