

U.S. Mint in Duel Over Dollars

By: Shawn Zeller, CQ Staff

CQ WEEKLY – VANTAGE POINT

April 2nd, 2007

The currency may sport the Latin motto for higher things sprouting from multiplicity: / E pluribus unum/, or “Out of many, one.” But when it comes to the money system proper, the U.S. Mint isn’t especially long on pluralist tolerance.

That, at any rate, is the claim of Liberty Dollar, an Indiana company that traffics in what it calls the nation’s “second-most popular currency” — monetary units of its own design. Its founder,* Bernard von NotHaus*, has filed suit against Mint Director* Edmund C. Moy*, Treasury Secretary* Henry M. Paulson Jr.* , and Attorney General* Alberto R. Gonzales* alleging that a warning from the Mint last fall has shrunk demand for his Liberty Dollars, which he sells to the public at a one-for-one exchange with the \$1 Federal Reserve note.

Von NotHaus began selling Liberty Dollars in 1998 through a group called the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code. The idea was to draw attention to the inflationary character of the money generated by the Bureau of Engraving and Printing, since its value is no longer directly attached to the worth of any precious metal. Von NotHaus says that each Liberty Dollar, by contrast, is backed by 1/20th of an ounce of silver, which holders of the bills may request at any time.

But an advisory to consumers that the Mint issued in September labels the Liberty Dollar an illegal currency. The Mint also sent letters underlining the same point to the distributors of the alternative currency — and von NotHaus says his business has collapsed as a result. “We had to sue the U.S. Mint, because this unfair and illegal warning was killing the Liberty Dollar and the ideals it represents,” he says. “We’re a relatively small group that can’t afford to be smeared by the umpteen billion U.S. dollars of the federal government.”

Liberty Dollar’s legal team —* James D. Johnson* of Rudolph, Fine, Porter & Johnson in Evansville, Ind., and* James E. Burk* of Burk & Reedy in Washington — argue that the Liberty Dollar has been used only as a “private voluntary barter” currency. And as such, they contend in their complaint before federal district Judge* Richard L. Young* of Evansville, it does not infringe on the circulation of federally minted money. They are seeking unspecified damages and an apology.

In its consumer advisory, the Mint argued that the company misled the public by describing its products as “real money” and strongly implied a plan to compete with the Mint by asserting that \$20 million in Liberty Dollar currency is in circulation — a sum far greater than a barter currency would command.

This winter von NotHaus shuttered NORFED, contending that the recent publicity had tarred the company with an anti-government image. But he remains committed to his product. “The Liberty Dollar organization has simply benefited from the differences between the debt-based

U.S. dollar and a value-based currency,” he says.

Becky Bailey, a Mint spokeswoman, declined to comment because of the pending litigation.