

'Spectacular Trial' Is Seen in Case of Liberty Dollar

New York Sun

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November 19, 2007

The monetary gadfly behind the Liberty Dollar, Bernard von NotHaus, declared over the weekend that he expects to be criminally charged over his currency and is vowing "a spectacular trial" that will "put this country's monetary system on trial."

Mr. von NotHaus was interviewed by [The New York Sun](#) via telephone on Saturday following disclosures that the Liberty Dollar, a gold- and silver-based currency marketed by anti-government activists as an alternative to the greenback, drew the federal government's scrutiny because the coins resembled official currency produced by the [U.S. Mint](#).

After a two-year undercover investigation of the currency, federal agents last week raided the [Idaho](#) mint where the Liberty Dollar was produced and the [Indiana](#) offices that served as its marketing headquarters. Tens of thousands of gold, silver, and copper coins were seized, including a special edition bearing the image of a Republican presidential candidate, Rep. Ron Paul, a supporter of the gold standard. It is the standard edition of the Liberty Dollar, which features a profile of a crowned Lady Liberty as well as the lettering [USA](#) and "Trust In God," which federal authorities say is illegal.

These symbols and language are similar enough to coinage from the U.S. Mint that the Liberty Dollars "are easily confused with legitimate United States Currency," a purported affidavit apparently filed last week in support of the search warrant claims.

The apparent affidavit was posted on the Internet on Friday by the libertarian think tank, the Reason Foundation. A spokeswoman for the U.S. attorney's office in [Charlotte, N.C.](#), told the Washington Post that a court clerk had mistakenly made court documents in the case public.

Signed by an [FBI](#) special agent, Andrew Romagnuolo, the affidavit says the Liberty Dollar operation was in essence a counterfeiting operation motivated by an ideological desire to undermine American currency and to make a profit. The affidavit claims there is probable cause to believe Mr. von NotHaus, along with his office manager and a [North Carolina](#) retailer of the coins, had conspired to pass off the Liberty Dollar as government currency.

Mr. von NotHaus, a critic of the [Federal Reserve](#) who retired from a career at a private mint in Hawaii, denied introducing the Liberty Dollar for personal gain. He said the Federal Reserve is pursuing a ruinous and unconstitutional monetary policy, and is recommending his currency as being inflation-resistant.

"I never took a penny during the first five years and got only a small amount of gratuity over the past five years," he said.

He declined to say exactly how much money he had made from the Liberty Dollar.

Financial statements from the operation were not immediately available. But in 2001, when Mr. von NotHaus put an ad in the Liberty Dollar's newsletter for an executive director to take over his duties, he promised a salary of "well over \$5000 cash per month, no withholding."

The Liberty Dollar, which has been produced since 1998, has more than \$20 million in circulation across the country. Coin enthusiasts and libertarians who support the venture have convinced a variety of retailers to accept the medallions, sometimes by offering it to them at slightly less than face value.

One longtime Liberty Dollar supporter says the venture is largely a failure.

"It never did do what the organization really wanted it to do — become widely accepted as a medium of exchange," a Liberty Dollar distributor in Michigan who is mentioned in the affidavit, [Ron Goodger](#), said by telephone. "It's a tremendous amount of work to get the public to accept something it wasn't familiar with."

Liberty Dollars are circulated across the country through regional agents such as Mr. Goodger, who get to purchase the coinage at a slightly discounted rate. According to the affidavit, the FBI has managed to sign three undercover employees to sign up as Liberty Dollar agents. The investigation began in July 2005 and lasted until this month, according to the affidavit.

The affidavit includes details such as how at informational sessions intended to drum up interest in the currency — called Liberty Dollar University — attendees could buy shirts with the wording "The US Mint can bite me."

Based on the up-close view of how Liberty Dollars are distributed, the FBI alleges that "a multi-level marketing scheme" was in place whose main purpose is to enrich those involved in distributing the coins.

The heart of that charge is that Liberty Dollars are sold for slightly more than the value of the silver and gold inside of the coin. Until recently, the silver ounce Liberty Dollar was marketed at \$20, several dollars above silver's spot price. And Mr. von NotHaus was in the process of revaluing it at \$50 a piece, according to the affidavit.

What the affidavit describes as a "scheme," Mr. von NotHaus defends as sound economic policy.

"It's the only way the Liberty Dollar could perform. Doesn't it make sense that as the underlying commodity appreciates in value, the purchasing power should appreciate in value?" Mr. von NotHaus said. "They're really just opposed to my economic theory. Where's the fraud?"

A 1999 report by the Southern Poverty Law Center said that many of the participating merchants "are run by men and women connected to the radical right."

Mr. Goodger described the supporters of the currency as "concerned people who believe our government is out of control."

Mr. Goodger said that as far as he knew no one connected to distributing the currency advocated armed resistance against the federal government.

"In the end all the organization is doing is getting precious metals out there in the hands of the people, and that's something that's got to be done," he said.

"It's a peaceful operation," the office manager for currency operation, [Sarah Bledsoe](#), said by telephone. "We just want the government to give us a better currency, because what we have is not working. We don't want another Depression."

Ms. Bledsoe, who was present at the raid in Evansville, Ind., is named in the affidavit as part of the alleged conspiracy.