

When funny money is no laughing matter

Palm Beach Post

By, Frank Cerabino

November 23rd, 2007

http://www.palmbeachpost.com/localnews/content/local_news/epaper/2007/11/23/s1b_binocol_1123.html

Kevin Landers holds a heavy stack of silver dollars in his hand.

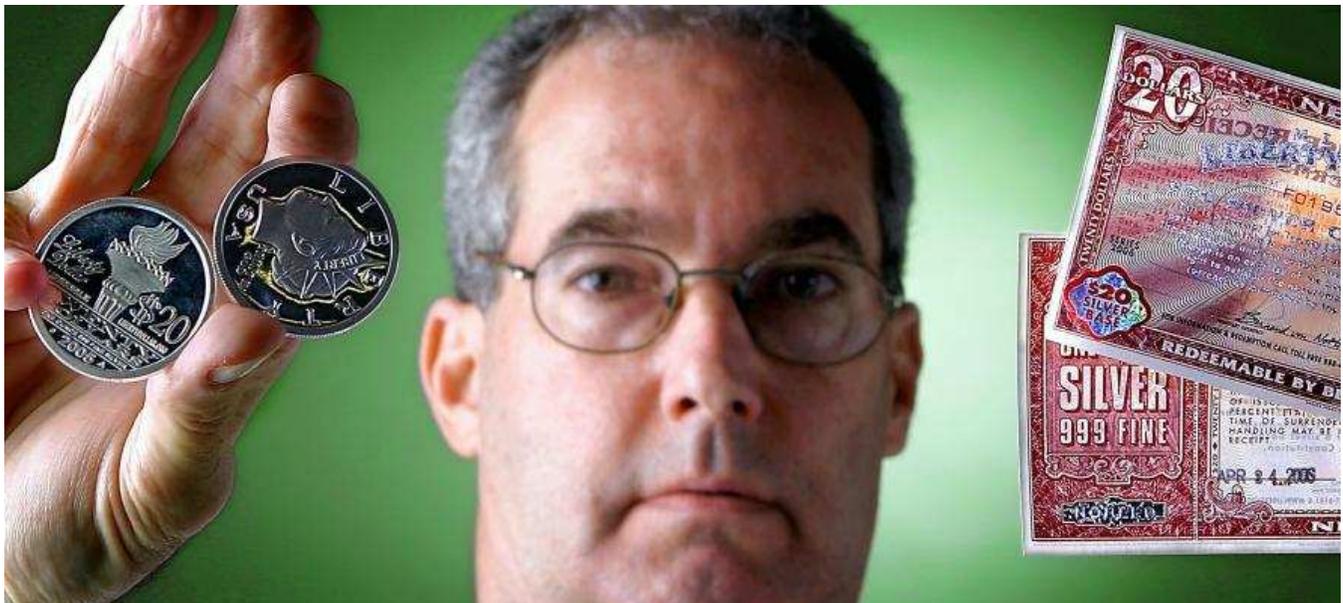
Except they're not silver dollars, even though they are made of real silver and the word "dollars" appears on the coins.

"It was just something I found on the Internet," the 49-year-old Jupiter real estate broker said.

Last week, the FBI raided the headquarters of the Liberty Dollar in Indiana, putting investors like Landers in a quandary.

For the past four years, Landers has been buying silver coins called Liberty Dollars from an organization called NORFED, which loosely stands for National Organization for the Repeal of the Federal Reserve Act.

Since 1998, NORFED has been coining its own currency, which is backed by silver stored in its mint in Coeur d'Alene, Idaho. The organization says it has put \$20 million in Liberty Dollars in circulation. Landers says he is one of the 2,500 Liberty Associates who have invested in what is marketed as "America's inflation-proof currency."



Kevin Landers of Jupiter fears his Liberty Dollars may have lost value since the FBI raided the headquarters of the group that makes them.

Pay with a Ron Paul coin

The operation is the brainchild of Bernard von NotHaus, who describes himself as a "monetary architect" and claims that the U.S. monetary system could use some competition, just as FedEx has been useful competition to the U.S. Postal Service.

The federal government disagrees. Last year, the U.S. Mint issued a consumer alert about the Liberty Dollar, saying that the coins violated the government's exclusive authority to issue legal tender.

Liberty Dollar's newest coin, the Ron Paul for President \$20 silver coin, features the face of the Libertarian-leaning Republican on its face. Paul has advocated a return to a currency backed by precious metals and for competition to the Federal Reserve.

But he still solicits campaign contributions in U.S. dollars.

"I haven't used the Liberty Dollar as currency," Landers said. "I just thought having the silver would be a good hedge against inflation."

The Liberty Dollar Web site urges its investors to offer the coins as legal tender and encourages merchants to accept the coins as an alternative to traditional money.

And since last week's seizure, von NotHaus has called on his investors to stick with him, join a class-action suit and fight for the Liberty Dollar.

"I believe the Liberty Dollar will win and become one of the great institutions in America," he wrote. "I have devoted the past ten years to the Liberty Dollar and am willing to risk a few years in federal prison to vindicate it."

Landers isn't so sanguine. He'd just like to know that the \$5,000 he invested isn't worthless.

"Most of the people who got involved just did it because they were afraid that inflation would eat into the dollar," he said.

What took feds so long?

The U.S. dollar is a floating currency that hasn't been backed in precious metals for decades. Liberty Dollars are each an ounce of silver or gold, and their value adjusts with the price of silver or gold. Investors return the coins to be reminted to reflect the changing price of the metals. Coins once sold as \$10 dollar coins have become \$20 coins as the price of silver climbed.

Investors have also bought paper certificates that allegedly are backed by the silver and gold kept in the company's Idaho mint, eliminating the need for reminting coins.

"But now that the mint's been raided, I don't know what to expect," Landers said. "I don't know if they're going to come knocking on my door looking for me."

Buying something from the Internet from a guy whose name sounds like "nuthouse" may seem like a recipe for disaster.

But Landers, who is voting for Paul next year, questions why it took the federal government nine years to act.

"If it was illegal, why didn't they shut it down in the beginning?" Landers said.