

Y2K- Safe Currency

American Liberty currency looks to expand base

By Staff writer
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MOVE OVER Ithaca Hours, the new kid on the block— American Liberty Currency— is looking to expand beyond the local successes enjoyed by such '90s community currencies as Ithaca Hours, Barter Bucks, Waldo Hours, Mo Money, BREAD, and Sand Dollars, to become a new standard of currency in use throughout the United States.

With the millennium approaching and continual fears of Y2K problems, it is perhaps understandable that this one-year-old silver-backed currency has recently been gaining attention, not only from those who favor a hard-money-back currency or those who fear the bite of the Y2K computer bug but from collectors who just want to place examples of the various 20th-century private currencies in their collections.

Having unveiled its currency on Oct. 1, 1998, the National Organization for the .Repeal of the Federal Reserve Act, based in Evansville, Ind., now sports more than 160 redemption centers throughout the United States where its colorful American Liberty Currency can be redeemed for an ounce of silver. Issued in three denominations, \$1, \$5 and \$10 warehouse receipts, the receipts are purchasable in exchange for like amounts of Federal Reserve Notes.

The \$1 receipt is backed by 1/10th ounce of silver. Likewise, the \$5 and \$10 receipts are also silver backed—by a half ounce and one ounce, respectively. According to NORFED, all of the silver is stored by independently owned Sunshine Minting Inc., Coeur D' Alene, Idaho, with a system of checks and balances, including independent monthly audits, making certain that the number of certificates issued matches with the amount of silver.

NORFED's ALC currency is not the first private currency in the United States. In fact, there have been hundreds.

Many of these sprang up in the 1990s. One of the most famous is the Ithaca Hours, which has been circulated in Ithaca, N.Y., since 1991.

Each Ithaca Hour is valued at the equivalent of \$10, the average hourly wage in the area, and is accepted by various local businesses in exchange for goods and

services. Similarly, there were Dillo Dollars in Texas, Harvey Bucks in North Dakota, Valley Dollars in Massachusetts, all of which are either based on an hour's work or barter and all with varying amount of participants willing to redeem their "dollars."

Nor is NORFED's idea of backing its warehouse receipts with precious metals new to 20th-century private issues. In the late 1970s Lloyd Darland, Aberdeen, Md., a staunch believer in hard money, began circulating his "G-Notes," which, according to an article in the Aug. 31, 1977 issue of the Harford Democrat, were selling at the time for about \$245 in Federal Reserve Notes for a \$20 G-Note. The G stood for "gold," and the notes were pegged to the price of gold. For each \$20 note Darland issued, a \$20 gold piece was stashed away in a bank vault for later redemption.

Darland's currency immediately raised questions with the Secret Service, which, according to the Feb. 10, 1980 issue of The Washington Post, determined that Darland's G notes were not illegal providing the \$20 gold pieces he claimed back the notes were in existence and he redeemed the notes on demand.

Another circa-1970s issue was the Constant, the brainchild of Dr. Ralph Borsodi's International Foundation for Independence which hoped to provide an alternative currency linked in value to the government's cost of living index and convertible in Federal Reserve Notes (with an increased return for inflation) and in various commodities.

(PHOTO CAPTION: Lloyd Darland issued \$20 "G-Notes," beginning in the early 1970s, that were backed by gold.)

NORFED, which hopes to spread use of its currency throughout the United States, restoring a hard money backing to America's money lacking in Federal Reserve Notes, was incorporated in September 1998 as a non-profit group with the stated goal of bringing about the repeal of the Federal Reserve Act.

The ornately designed notes feature the Statue of Liberty on the front. Below the legend, "American Liberty Currency," appears a serial number and the inscription "Silver Certificate/This is a Receipt for Ten (US\$10.00) Dollars given in exchange for Title to One (1) Troy ounce of .999 Fine Silver. The acceptance and use of this Ten (US\$10.00) Dollar Receipt is an exercise of the Bearer's First Amendment right to petition the Government for a silver based currency as stated in the U.S. Constitution."

All receipts bear the signature of Bernard von NotHaus, who serves as NORFED's chief Economist and is known within the coin' hobby as owner of the private Royal Hawaiian Mint in Honolulu. Each receipt also displays a toll-free telephone number by which NORFED can be contacted and the organization's Internet Web address.

(PHOTO CAPTION: Many private currencies have also become collectible. Dr. Ralph Borsodi's early 1970s Constant was represented by notes backed by commodities, including gold and silver.)

Among various security features is a hologram appearing at lower left. Microprinting along the border of each certificate features the Preamble to the U.S. Constitution, the Declaration of Independence, the Pledge of Allegiance, and the text of the First Amendment. Devised as a legal negotiable instrument, NORFED says the receipts are in compliance with the Uniform Commercial Code.

"The beautiful artwork of the Statue of Liberty, brilliant colors, serial numbers, silver foil, hologram and superior counterfeit features on special paper are all designed to provide concerned Americans with a silver-backed currency that they can be proud to own," according to Von NotHaus. ALC receipts are also available in collector versions including proofs, specimens and uncut sheets. A new \$20 proof has just been issued.

In April Von NotHaus released a book titled Y2K Money: Your Survival Currency and has been traveling country promoting the new currency which he claims "is the product of 24 years of intense study of monetary systems, the manufacture of money, its history and economic theory."

Those who redeem their Federal Reserve Notes at face for ALCs can turn their notes in at any of the redemption centers and within 72 hours receive one ounce of silver for each \$10 of ALC. Due to production costs, only one-ounce Silver Liberty pieces have been produced for use in redemption, and \$1 and \$5 ALCs must be used in combination to equal \$10.

The receipts are redeemable for a period of 20 years from date of issue, with storage and insurance fees on the silver having been prepaid for five years from the date of issue. "Thereafter, storage and insurance fees are one percent (1%) per year of the value of silver prorated at the time of surrender. Additional fees limited to shipping and handling may be incurred upon surrender of the warehouse receipt."

At \$10 an ounce, with a current spot price in the range of \$5, ALCs are not meant as an investment in silver. For this, Von NotHaus recommends direct purchase of silver bullion.

According to Von NotHaus, other factors besides the value of the silver—including the cost of minting, storage, insurance, printing and distribution, bookkeeping, support of redemption centers, advertising, "and all the other usual expenses of a free-market enterprise"—figure into a receipt's exchange value.

ALCs are also sold at a discount to redemption centers to provide money to support NORFED's goals.

Additional information may be obtained from NORFED headquarters by calling toll-free 1-888-421-6181. Norfed's Web address is www.norfed.org. Write to the organization at 4900 Tippecanoe Drive, Suite 6, Evansville, IN 47715.

(PHOTO CAPTION: Each \$10 American Liberty Currency warehouse receipt is redeemable in silver for a period of 20 years from date of issue.)