

Red flag on 'receipts' and 'coins'

By Peter M. Rexford
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I'm not a financial wizard. I admit it. Still, I've never had a problem recognizing coins or currency and knowing which is which. Most don't — but a firm headquartered in Evansville, Ind., may change that.

The company is called Norfed, an abbreviation for the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code. Simply put, the company is making its own "money." Issued in various dollar denominations, the bills are actually "warehouse receipts" pledging that an equivalent amount of silver is being held and can be redeemed by the holder. In a sense, the receipts are similar to the old silver certificates once circulated by the U.S. government.

Norfed also offers \$20 silver coins and \$500 gold coins supposedly usable as legal tender in stores, where employees may or may not accept them. Actually, the correct term for them would be medallions.

They include images of a Liberty head and a burning torch. Denominated in dollars, they also feature words such as "Liberty," "USA" and "Trust in God." The silver versions also include a year date. They bear a bit of a resemblance to circulating coins.

That's what the government doesn't like — so much so that it has issued a warning that use of Norfed's Liberty dollar "is a crime." Its position is based on Article I of the U.S. Constitution, which states, " ... The United States Mint is the only entity in the United States with the lawful authority to mint and issue legal tender United States coins."

Norfed counters with a quote it credits to Andrew Williams, a Federal Reserve spokesman: "There is no law that says goods and services must be paid for with Federal Reserve notes. Parties entering into a transaction can establish any medium of exchange that is agreed upon."

In fairness, I don't know the context of the quote. It could have been in reference to the age-old barter system.

A red flag popped up for me when I looked at the acquisition and distribution method for the receipts. You can buy them at a discount by becoming a Liberty Associate at a cost of \$250, for which you receive \$100 in silver Liberty currency

and \$100 for every new Liberty Associate you sponsor. Plus, Norfed advertises that associates "can get a 20 percent discount on the Silver Certificates and the one-ounce Silver" medallions.

I'm not familiar with anyone who can get money at a 20 percent discount. Only time will tell whether the "currency" will be worth anything in the future or the Feds will step in and close down Norfed. If it's the latter, Norfed "coins" and "currency" will be amusing collectibles that once were part of a curious story.

(PHOTO CAPTION)

Norfed claims its \$20 silver medallion is as good as a coin.