

# Liberty Dollars legal, but may be hard to cash

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A Missoula man's contempt for federal currency has led to the circulation of hundreds of silver "Liberty Dollars," outraging some local businesses who say the coins are a scam.

But Rich Angell, who's spent more than \$10,000 in the silver-backed coins, says he's merely trying to offer a safer, more valuable alternative to the Federal Reserve note.

And even though banks won't take the coins as legal tender, some Missoula business owners gladly accept them, squirrelling the precious metal away for its novelty as much as for personal use.

"I've been accepting Liberty Dollars for as long as I've been in business," said Richard Gaskill, owner of IT Consultants LLC in downtown Missoula. "I usually put them in a safety deposit box, but I also keep a few on me to use around town."

However, David Hakes, who owns Missoula Gold and Silver Exchange, says the coins are misleading and have little actual monetary value.

Angell, 41, began purchasing Liberty Dollars after reading G. Edward Griffin's book, "The Creature from Jekyll Island: A Second Look at the Federal Reserve." After researching the issue, he decided to buy coins from a company that is extremely critical of the American system of currency, which isn't backed by silver or gold.

The coins are made of 1 troy ounce of 0.999 fine silver and have a face value of \$20. Associates with Liberty Dollar, like Angell, pay \$250 to start using the group's currency. They can then pay about \$16 for each \$20 coin.

But the coin's face value soars above market prices for the same weight of silver, which is currently about \$10.45 an ounce.

"When I come across the coins, I'll exchange them for their actual worth," Hakes said. "But I've had at least 40 phone calls from people who are steamed because they can't get all of their money back."

After purchasing a Liberty Dollar, Hakes said he has the coin remelted at a refinery, then sells them for 30 cents more than the spot value of silver.

"I won't sell them as they are, because I want to get them off the streets," Hakes said. "I've had too many complaints from people who didn't know they were being duped until it was too late."

Fred Downing, the owner of Budget CDs and DVDs, recently butted heads with Angell over whether spending the coins is ethical.

Downing said one of his employees recently accepted a \$20 silver piece in exchange for a used CD that cost about \$10.

Angell held out a \$20 bill in one hand, and a Liberty Dollar in the other,

"I said, take your pick," Angell recalls. "He looked at the coin and said, 'Oh, I'll take that.'"

The employee handed back \$10 in change.

But when Downing took the coin to the bank the following day and discovered it wasn't accepted as legal tender, he tracked Angell down. That wasn't difficult, because at the time of his purchase, Angell left a business card.

"I usually leave a brochure, too, but I didn't have any on me," he said. "It's a voluntary currency, and you can spend it wherever it's voluntarily accepted. The bottom line is, I will happily exchange Federal Reserve notes for any of my Liberty Dollar currency that's out there."

Downing wasn't satisfied, and opted to keep the coin as a means to warn people of its presence.

"This is a scheme," Downing said. "I mean, you can't tell me this isn't a scheme."

He even called the police, and an officer checked with the Missoula City Attorney's Office.

"The police said there's nothing they can do about it because it's a voluntary currency," he said. "I was floored."

Even the U.S. Secret Service, whose task it is to guard the nation's currency, is aware of Liberty Dollars.

But Kevin Miller, resident agent in charge of the Spokane field office, says, like any private currency, the silver coins are legal when accepted voluntarily.

"It's kind of like Wally World coins or Disney dollars," Miller said. "The merchant can accept them, just like bartering. But it's not considered counterfeit because there's no U.S. obligation."

"We would probably end up taking a closer look at Liberty Dollars if it looked like there was some sort of defrauding going on," Miller said.

The Libertydollar.com Web site says the currency is issued by a private warehouse and distributed to the public by an organization called NORFED, a partial acronym for National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code. The coins are backed by precious metal that's in a Coeur d'Alene, Idaho warehouse.

The Web site says that the coins were released to the public in 1998 as an inflation-proof currency backed by precious metal. The problem with the U.S. dollar, the site contends, is that the paper hasn't been backed by precious metal since the formation of the Federal Reserve in 1913 and is prone to inflation. The site purports that about \$20 million in Liberty Dollars are now in circulation.

NORFED is headed by Bernard von NotHaus, a retired mintmaster, and cites a 96 percent loss in the value of the U.S. dollar as a selling point for the Liberty Dollar.

"I call it the non-federal no reserve, because it isn't federal and there is no reserve," Angell said.

"Printing up money with nothing to back it dilutes the spending power, plain and simple. All I'm doing is trying to return America to value one Liberty Dollar at a time."

Liberty Dollars are officially accepted in a handful of merchant locations around the country. The company's Web site even lists Missoula restaurants like Sushi Hana and the Iron Horse Brewpub as "Liberty Merchants" - businesses that accept the coins.

Other Missoula businesses listed on the site include: Office City, Curt's Autocare Inc., Viva Mexico and Bonnie and Clyde's American Locksmith Services.

Angell said he spends the coins at his local barbershop and at the chiropractor.

"This is an idea whose time has come," Angell said. "It's supplemental and, best of all, it's fun."