



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

November 28, 2006

DIRECTOR
OF THE
MINT

The Honorable Bill Nelson
United States Senate
Washington, D.C. 20510-0905

Dear Senator Nelson:

I am writing in response to your letter of November 21, 2006, regarding an inquiry from your constituent, Albert Wagner. Mr. Wagner contacted your office about the United States Mint's efforts to inform the public and consumers about the National Organization for the Repeal of the Federal Reserve Act and Internal Revenue Code's (NORFED) "Liberty Dollars." NORFED markets and sells paper gold and silver certificates and gold and silver medallions, which it calls "Liberty Dollars," in an effort to replace United States currency with its own currency. NORFED claims that its "Liberty Dollars" are "100% backed and redeemable in gold and silver."

We have received several inquiries, like the one from Mr. Wagner, about the United States Mint's recent advisories about NORFED's "Liberty Dollars." In September, the United States Mint posted a consumer alert on our website at <http://www.usmint.gov/consumer/index.cfm?action=HotItems> concerning the gold and silver "Liberty Dollar" medallions. Since we introduced our consumer and business-awareness webpages in 2003, the United States Mint has worked with the Fair Trade Commission and numerous state attorneys general and consumer protection agencies in an effort to advise the public of potentially misleading coin-like products. Like the other products we have featured on our "Hot Items" page, advertisements and other promotional media for the gold and silver "Liberty Dollar" medallions are potentially confusing to the public for several reasons.

First, the NORFED website and "Liberty Dollar" promotional materials refer to the medallions as "real money" and "currency," and claim that the "Liberty Dollar" medallions are "legal" and "constitutional." The medallions bear inscriptions and designs similar to those found on United States coinage, which may lead unwary merchants or consumers to accept the medallions as legal tender by mistake. In addition, 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.

Second, pursuant to 18 U.S.C. § 486,¹ it is a Federal crime to utter or pass, or attempt to utter or pass, any coins of gold or silver intended for use as current money except as authorized by law. Although the United States Mint does not have law enforcement authority, it is committed to

¹ 18 U.S.C. § 486: "Uttering coins of gold, silver or other metal. Whoever, except as authorized by law, makes or utters or passes, or attempts to utter or pass, any coins of gold or silver or other metal, or alloys of metals, intended for use as current money, whether in the resemblance of coins of the United States or of foreign countries, or of original design, shall be fined under this title or imprisoned not more than five years or both."

ensuring that the public and the numismatic community are made aware of this law so that they do not unwittingly become involved in criminal activity by using these gold and silver "Liberty Dollar" medallions as circulating money.

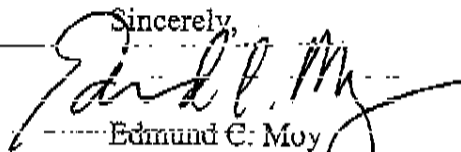
Some with NORFED have argued that its "Liberty-Dollar" medallions are justified because the United States Constitution requires the states to use gold and silver coin as tender to pay their debts. Although Article I, section 10, of the United States Constitution prohibits the states from declaring legal tender anything other than gold or silver, it does not limit Congress's power to declare what shall be legal tender for all debts.² Consistent with this power, 31 U.S.C. § 5103 states that "United States coins and currency (including Federal reserve notes and circulating notes of Federal reserve banks and national banks) are legal tender for all debts, public dues, taxes, and dues." Accordingly, while a *state* may not declare anything but gold and silver coin as legal tender for the payment of debts, Congress definitely can and, indeed, it has done so.

Your constituent, and others concerned about NORFED's "Liberty Dollars," have also referred to statements by Treasury Department, Bureau of Engraving and Printing, Federal Reserve, and United States Secret Service officials that the NORFED paper gold and silver certificates are not counterfeit Federal Reserve Notes and appear to be part of a barter system. The United States Mint, however, has tailored its information to the public on the use of NORFED's gold and silver medallions—not NORFED's paper gold and silver certificates. Because 18 U.S.C. § 486 addresses only "coins of gold or silver or other metal, or alloys of metals, intended for use as current money," paper gold and silver certificates do not appear to be covered by this proscription.

Finally, our Chief Counsel has had several telephone conversations with NORFED's lawyer, Marion Harrison, answering the questions and addressing the concerns that NORFED and Mr. Harrison have raised about the United States Mint's practices. As the Chief Counsel has pointed out to Mr. Harrison, and as you can see by reviewing the documents forwarded by your constituent, the contents of the United States Mint's consumer awareness website and the letters sent to NORFED's "Regional Currency Officers" are in no way defamatory; moreover, the United States Mint has not released the contents of any of these letters to third parties.

I hope this information is helpful. Please do not hesitate to let me know if I may be of further assistance to you or your constituent.

Sincerely,



Edmund C. Moy
Director
United States Mint

² See *United States v. Rifen*, 577 F.2d 1111, (8th Cir. 1978) (citing *The Legal Tender Case*, 110 U.S. 421, 446; 28 L. Ed. 204, 4 S. Ct. 122 (1884); *Chermack v. Bjornson*, 302 Minn. 213, 223 N.W.2d 659 (1974), cert. denied, 421 U.S. 915, 95 S. Ct. 1573, 43 L. Ed. 2d 780 (1975)).



United States Senate

WASHINGTON, DC 20510-0905

BILL NELSON
FLORIDA

October 16, 2006

Mr. Albert Wagner
553 East Elkcam Circle
Marco Island, Florida 34145

Dear Mr. Wagner:

Thank you for contacting my office regarding your business, Liberty Dollar of Southwest Florida, and the letter you received from the Department of the Treasury. I appreciate being made aware of your concerns and will be pleased to look into this matter.

However, the Privacy Act of 1974 contains provisions prohibiting federal agencies from releasing information regarding an individual without that individual's consent. Although these provisions protect your right to privacy, they also limit my ability to assist you until I have written authorization from you to show that I have been asked to make an inquiry about your situation.

Please complete and sign the enclosed form and return it to me as soon as possible. After receiving your statement, I will be in touch with the appropriate authorities on your behalf.

Again, thank you for getting in touch with me. I want you to know that as your U.S. Senator from Florida, I welcome the opportunity to serve you. If I can assist you with any other matter, please do not hesitate to let me know.

Sincerely,

BN/dk

Enclosure



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

September 19, 2006

Al Wagner
553 E. Elkcam Circle
Marco Island, FL 34145

Dear Sir/Madam,

In response to numerous inquiries received by the United States Mint and the United States Department of Justice, the United States Mint has issued a public statement on "Liberty Dollar" medallions produced, sold, and sponsored by the National Organization for the Repeal of the Federal Reserve Act and Internal Revenue Code (NORFED). The statement explains that these medallions are not backed by, or affiliated with, the United States Government and that prosecutors with the Department of Justice have determined their use as circulating money is a Federal crime. This statement appears at the following URL: <http://www.usmint.gov/consumer/index.cfm?action=HotItems>

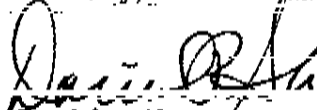
By statute (31 U.S.C. § 5112), Congress specifies the coins that the Secretary of the Treasury is authorized to mint and issue and requires the Secretary to carry out these duties at the United States Mint (31 U.S.C. § 5131). Accordingly, the United States Mint is the only entity in the United States with the lawful authority to mint and issue legal tender United States coins.

Under Federal law (18 U.S.C. § 486), it is a crime to utter or pass, or attempt to utter or pass, any coins of gold or silver intended for use as current money except as authorized by law. According to the NORFED website, "Liberty merchants" are encouraged to accept NORFED "Liberty Dollar" medallions and offer them as change in sales transactions of merchandise or services. Further, NORFED tells "Liberty associates" that they can earn money by obtaining NORFED "Liberty Dollar" medallions at a discount and then can "spend [them] into circulation." Therefore, NORFED's "Liberty Dollar" medallions are specifically intended to be used as current money to drain reserves on, and to compete with, the circulating coinage of the United States. Consequently, prosecutors with the United States Department of Justice have concluded that the use of NORFED's "Liberty Dollar" medallions violates 18 U.S.C. § 486.

According to information from NORFED's website, you are listed as a "Regional Currency Officer" for NORFED and, as such, may be engaged in the distribution, passing, and uttering of "Liberty Dollar" coins. The purpose of this letter is to advise you that prosecutors with the Department of Justice have determined that such activities are a crime, in violation of 18 U.S.C. § 486.

Please refer to <http://www.usmint.gov/consumer/index.cfm?action=HotItems> for additional information.

Sincerely,


Daniel P. Shaver
Chief Counsel