



U.S.

# Prison May Be the Next Stop on a Gold Currency Journey

By ALAN FEUER OCT. 24, 2012

MALIBU, Calif. — High above the cliff tops and the beach bars, up a winding mountain road, in a borrowed house on someone else’s ranch, an unusual criminal is waiting for his fate.

His name is Bernard von NotHaus, and he is a professed “monetary architect” and a maker of custom coins found guilty last spring of counterfeiting charges for minting and distributing a form of private money called the Liberty Dollar.

Described by some as “the Rosa Parks of the constitutional currency movement,” Mr. von NotHaus managed over the last decade to get more than 60 million real dollars’ worth of his precious metal-backed currency into circulation across the country — so much, and with such deep penetration, that the prosecutor overseeing his case accused him of “domestic terrorism” for using them to undermine the government.

Of course, if you ask him what caused him to be living here in exile, waiting with the rabbits for his sentence to be rendered, he will give a different account of what occurred.

“This is the United States government,” he said in an interview last week. “It’s got all the guns, all the surveillance, all the tanks, it has nuclear weapons, and it’s worried about some ex-surfer guy making his own money? Give me a break!”

The story of Mr. von NotHaus, from his beginnings as a hippie, can sound at times as if Ken Kesey had been paid in marijuana to write a script on spec

for Representative Ron Paul. At 68, Mr. von NotHaus faces more than 20 years in prison for his crimes, and this decisive chapter of his tale has come, coincidentally, at a moment when his obsessions of 40 years — monetary policy, dollar depreciation and the Federal Reserve Bank — have finally found their place in the national discourse.

A native of Kansas City, Mr. von NotHaus first became enticed by making money while living with his companion, Talena Presley, without a car or electric power in a commune of like-minded dropouts in a nameless village on the Big Island in Hawaii. It was 1974, and Mr. von NotHaus, 30 and ignorant of economics, experienced “an epiphany,” he said, which resulted in the writing of a 20-page financial manifesto titled “To Know Value.”

In it he described his conviction that money has a moral aspect and that any loss in its value will cause a corresponding loss in social and political values. It was only three years after President Richard M. Nixon had removed the country from the gold standard, and Mr. von NotHaus, a gold enthusiast, began buying gold from local jewelers and selling it to his friends.

One day, he recalled, “we were all sitting around thinking, ‘Wow, we ought to do something with this gold.’ And I said: ‘Yeah, we could make coins. People love coins. We could have our own money!’ ”

Within a year, he had established the **Royal Hawaiian Mint**, a private — not royal — producer of collectible coins. Hitchhiking to a library in the county seat of Hilo, he said, he looked up “minting” in the encyclopedia and soon was turning out gold and silver medallions with images of volcanos and the Kona Coast.

So went the better part of 20 years. Then came 1991, which saw the emergence of a successful local currency in Ithaca, N.Y., called the **Ithaca Hour**. The 1990s were a time of great ferment in the local-money world with activists and academics writing books and papers, like Judith Shelton’s “Money Meltdown.” Mr. von NotHaus, traveling with his sons, Random and Xtra, to adventuresome locations, like Machu Picchu, read these seminal works.

“I had been working on it since 1974,” he testified at his federal trial in

North Carolina. “It was time to do something.”

The Constitution grants to Congress the power “to coin money” and to “regulate the Value thereof” — but it does not explicitly grant an exclusive right to do such things. There are legal-tender laws that regulate production of government currency and counterfeiting laws that prohibit things like “uttering” gold or silver coins “for use as current money.”

Mr. von NotHaus claims he never meant the Liberty Dollar to be used as legal tender. He says he created it as “a private voluntary currency” for those conducting business outside the government’s purview. His guiding metaphor is the relationship between the Postal Service and FedEx. “What happened in the FedEx model,” he testified, “is that they” — a private company offering services the government did not — “brought competition to the post office.”

To introduce the Liberty Dollar in 1998, Mr. von NotHaus moved from Hawaii to Evansville, Ind., where he joined forces with Jim Thomas, who for several years had been publishing a magazine called Media Bypass, whose pages were filled with conspiracy theories and interviews with militia members, even Timothy McVeigh.

Working from the magazine’s office, Mr. von NotHaus lived in a mobile home and promoted his nascent currency to “patriot groups” on Mr. Thomas’s mailing list while reaching an agreement with Sunshine Minting Inc., in Idaho, to produce the Liberty Dollar. His marketing scheme was simple: he drove around the country in a Cadillac trying to persuade local merchants like hair salons and restaurants to use his coins and to offer them as change to willing customers.

Banks, of course, did not accept his money; however, to ensure that it found its way only into hands that wanted to use it, Mr. von NotHaus placed a toll-free number and a URL address on the currency he produced. If people mistakenly got hold of it, they could mail it back to Evansville and receive its equivalent in actual dollar bills.

Now jump ahead to 2004. A detective in Asheville, N.C., learned one day that a client of a credit union had tried to pass a “fake coin” at one its local branches. An investigation determined that some business acquaintances of

Mr. von NotHaus were, court papers say, allied with the sovereign citizens' movement, an antigovernment group.

Federal agents infiltrated the Liberty Dollar outfit as well as its educational arm, Liberty Dollar University.

In 2006, with millions of the coins in circulation in more than 80 cities, the United States Mint sent Mr. von NotHaus a letter advising that the use of his currency "as circulating money" was a federal crime.

He ignored this advice, and in 2007, federal agents raided the offices in Evansville, seizing, among other things, copper dollars embossed with the image of Mr. Paul.

Two years later, Mr. von NotHaus was arrested on fraud and counterfeiting charges, accused of having used the Liberty Dollar's parent corporation — Norfed, the National Organization for Repeal of the Federal Reserve — to mount a conspiracy against the United States.

At his federal trial, witnesses testified to the Liberty Dollar's criminal similitude to standard American coins. They said his coins included images of Lady Liberty and cheekily reversed "In God We Trust" to "Trust in God." Then again, his coins were made of real gold and silver, as American coins are not, and came in different sizes and unusual denominations of \$10 and \$20.

In his own defense, Mr. von NotHaus testified about a "philanthropic mission" to combat devaluation with a currency based on precious metals and asserted that he was not involved in "a radical armed offense against the government or their money."

It was, of course, to no avail; and in 2011, a jury found him guilty after a 90-minute deliberation.

These days, Mr. von NotHaus paces shoeless in a mansion, in the hills above the ocean, that was lent to him by a friend. His sentencing has yet to be scheduled, and this leaves time for reflection. He feeds the hummingbirds outside his window. He reads books on fiat currency. He is even writing a book — on the gold standard, of course.

"The thing that fires me up the most," he will say, "is this is what happens: When money goes bad, people go crazy. Do you know why? Because they can't

**exist without value. Value is intrinsic in man.”**

A version of this article appears in print on October 25, 2012, on page A18 of the New York edition with the headline: Prison May Be the Next Stop On a Gold Currency Journey.

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