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Reply to: Asheville Office

June 26, 2008

Mr. Robert J. Stientjes  
Stientjes & Pliske  
1120 Olivette Executive Parkway  
Suite 220  
St. Louis, MO 63132

VIA FEDEX

Dear Mr. Stientjes,

Your June 9, 2008, letter to FBI agent William Long has been referred to me.

I filed a civil forfeiture action against the Liberty Dollar seized property in the United States District Court for the Western District of North Carolina on May 29, 2008. Enclosed are the Complaint, the docket, and the Court's Order staying the case for six months pending the completion of the criminal investigation.

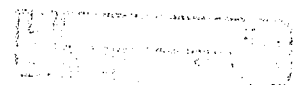
Note that the Stay protects the integrity of the United States' criminal investigation as well as the Fifth Amendment rights of any possible claimants.

When a *civil* forfeiture case has been filed, Rule 41 of the *criminal* rules is usually inappropriate. See also Fed. R. Crim. P. 1(a)(5)(B).

Sincerely,

GRETCHEN C.F. SHAPPERT  
United States Attorney

Thomas R. Ascik  
Assistant United States Attorney  
828-271-4661



STAY

**U.S. District Court  
Western District of North Carolina (Asheville)  
CIVIL DOCKET FOR CASE #: 1:08-cv-00230-LHT-DLH**

United States of America v. 3039.375 Pounds of Copper Coins et al  
Assigned to: District Judge Lacy Thornburg  
Referred to: Magistrate Judge Dennis Howell  
Cause: 21:0881 Property Forfeiture

Date Filed: 05/29/2008  
Jury Demand: Plaintiff  
Nature of Suit: 690 Forfeit/Penalty: Other  
Jurisdiction: U.S. Government Plaintiff

**Plaintiff**

**United States of America**

represented by **Thomas R Ascik**  
United States Attorney  
100 Otis Street,  
Asheville, NC 28801  
828-259-0644  
Email: thomas.ascik@usdoj.gov  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

V.

**Defendant**

**3039.375 Pounds of Copper Coins**

**Defendant**

**5930.32 Troy Ounces of Silver Coins**

**Defendant**

**63.24 Troy Ounces of Gold Coins**

**Defendant**

**3 Platinum Coins**

**Defendant**

**168,599 Silver Troy Ounce Coins**

**Defendant**

**147 Gold Troy Ounce Coins**

**Defendant**

**710 Silver .5 Troy Ounce Coins**

**Defendant**

**11 Silver Bars and Silver Scrap Totaling  
10,720.60 Troy Ounces**

**Defendant**

**1000.5 Troy Ounces of Silver Coins**

**Defendant****1000.5 Troy Ounces of Silver Coins****Defendant****Dies, Molds, Casts****Defendant****16,000.05 Troy Ounces of Raw Silver****Defendant****100 Ounces of Copper Coins****Defendant****\$254,424.09 in United States Currency****Defendant****17 Gold .05 Troy Ounce Coins**

<b>Date Filed</b>	<b>#</b>	<b>Docket Text</b>
05/29/2008	<u>1</u>	COMPLAINT <i>for Forfeiture in Rem</i> against all defendants, filed by United States of America. (Attachments: # <u>1</u> Exhibit Liberty & U.S. Coins, # <u>2</u> Exhibit Liberty Warehouse Receipts) (Ascik, Thomas) (Entered: 05/29/2008)
05/29/2008		Case assigned to District Judge Lacy Thornburg. <i>This is your only notice - you will not receive a separate document.</i> (jhg) (Entered: 05/30/2008)
06/11/2008	<u>2</u>	ORDER FOR WARRANT for Arrest of Property. Signed by Magistrate Judge Dennis Howell on 6/11/08. (jhg) (Entered: 06/11/2008)
06/14/2008	<u>3</u>	MOTION to Seal Document <i>Exhibit A</i> by United States of America. Responses due by 7/1/2008. (Ascik, Thomas) (Entered: 06/14/2008)
06/14/2008	<u>4</u>	MOTION to Stay <i>Case</i> by United States of America. Responses due by 7/1/2008. (Ascik, Thomas) (Entered: 06/14/2008)
06/16/2008	<u>5</u>	Sealed Document ( <i>Sealed - Attorney</i> ): Exhibit A re: <u>3</u> MOTION to Seal Document <i>Exhibit A</i> , <u>4</u> MOTION to Stay <i>Case</i> (available to United States of America) (Ascik, Thomas) (Entered: 06/16/2008)
06/17/2008		Case referred to Magistrate Judge Dennis Howell. Motions referred: <u>3</u> MOTION to Seal Document <i>Exhibit A</i> , <u>4</u> MOTION to Stay <i>Case</i> <i>This is your only notice - you will not receive a separate document.</i> (jhg) Motions referred to Dennis Howell. (Entered: 06/17/2008)
06/20/2008	<u>6</u>	AMENDED COMPLAINT ( <i>pgs. 13 &amp; 14 had been inadvertently not filed in Complaint; Refer to Complaint, Document 1, for Attachments</i> ) against all defendants, filed by United States of America. (Ascik, Thomas) (Entered: 06/20/2008)
06/20/2008	<u>7</u>	ORDER granting <u>3</u> Motion to Seal Document <u>5</u> Sealed Document ; granting <u>4</u> Motion to Stay. Signed by Magistrate Judge Dennis Howell on June 20, 2008. (jhg) (Entered: 06/20/2008)
06/24/2008	<u>8</u>	USMS Return of Service for Warrant for Arrest in Rem and Complaint served on (see pleading) on 6/23/2008. (pdf) (Entered: 06/24/2008)

<b>PACER Service Center</b>			
<b>Transaction Receipt</b>			
06/26/2008 15:40:52			
<b>PACER Login:</b>	us6029	<b>Client Code:</b>	
<b>Description:</b>	Docket Report	<b>Search Criteria:</b>	1:08-cv-00230-LHT-DLH
<b>Billable Pages:</b>	2	<b>Cost:</b>	0.16

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
ASHEVILLE DIVISION  
1:08cv230**

<b>UNITED STATES OF AMERICA,</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>Vs.</b>	)	<b>ORDER</b>
	)	
<b>3039.375 POUNDS OF COPPER</b>	)	
<b>COINS, et al.,</b>	)	
	)	
<b>Defendants.</b>	)	
<hr style="width: 40%; margin-left: 0;"/>	)	

**THIS MATTER** is before the court on the government's Motion to File Exhibit Under Seal Pursuant to 18 U.S.C. § 981(g)(5) and Motion to Stay Civil Proceedings Pursuant to 18 U.S.C. § 981(g)(1).

First, the court has considered the motion to seal the affidavit that supports the motion to stay. Section 981(g)(5) provides that the government may, in appropriate cases, submit evidence to the court in an *ex parte* manner to avoid disclosing matters that may adversely impact an ongoing criminal investigation. The government has met both criteria of Section 981(g)(5), and the court will not further elaborate inasmuch as discussion of the substance of the affidavit could well have the same adverse impact. The court has also considered the requirements for sealing under

Local Civil Rule 6.1, which provides

**(C) Motion to Seal or Otherwise Restrict Public Access.** A request by a party to file materials under seal shall be made by formal motion pursuant to LCvR 7.1. Such motion shall be filed electronically under the designation "Motion to Seal." The motion or supporting brief shall set forth: (1) a non-confidential description of the material sought to be sealed; (2) a statement as to why sealing is necessary and why there are no alternatives to filing under seal; (3) unless permanent sealing is sought, a statement as to the period of time the party seeks to have the material maintained under seal and as to how the matter is to be handled upon unsealing; and (4) supporting statutes, case law or other authority.

L.Cv.R. 6.1(C). The government has fully met each of these criteria. The court will, therefore, grant the government's Motion to File Exhibit Under Seal Pursuant to 18 U.S.C. § 981(g)(5) and hereby approves the filing of the proffered affidavit under seal, *nunc pro tunc*.

Second, the court will now consider the Motion to Stay Civil Proceedings Pursuant to 18 U.S.C. § 981(g)(1). The government has shown that there is an on going criminal investigation that is related to the facts alleged in this civil forfeiture action. Docket Entry # 4, at ¶ 2. The court has considered the averments of the United States Attorney concerning the circumstances of the investigation, which are contained in the sealed exhibit (Docket Entry #5), and, based on such averments, the court determines that civil discovery in this matter will adversely affect the ability of the government to conduct a related criminal investigation of the prosecution of a

related criminal case. 18 U.S.C. § 981(g)(1). Further, the court finds that in staying such matter, the fifth amendment rights of potential claimants are protected. The Motion to Stay Civil Proceedings Pursuant to 18 U.S.C. § 981(g)(1) will, therefore, be granted and discovery as well as all other proceedings in this civil matter shall be stayed for six months, at which time such stay shall automatically dissolve unless the government can show by motion (accompanied by a status report) reasons why the stay should not be lifted.

### **ORDER**

**IT IS, THEREFORE, ORDERED** that the government's

- (1) Motion to File Exhibit Under Seal Pursuant to 18 U.S.C. § 981(g)(5) (#3) is **GRANTED**, and the government's filing of Docket Entry #5 under seal is **ALLOWED** *nunc pro tunc*;
- (2) Motion to Stay Civil Proceedings Pursuant to 18 U.S.C. § 981(g)(1). (#4) is **GRANTED**, and discovery as well as all other proceedings in this civil matter are **STAYED** for six months, at which time such stay shall automatically dissolve unless the government can show by motion (accompanied by a status report) reasons why the stay should not be lifted.

Signed: June 20, 2008

Dennis L. Howell

Dennis L. Howell  
United States Magistrate Judge





UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF NORTH CAROLINA  
ASHEVILLE DIVISION

CIVIL NO. 1:08CV230

UNITED STATES OF AMERICA, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 3039.375 POUNDS OF COPPER COINS, )  
 )  
 5930.32 TROY OUNCES OF SILVER COINS, )  
 )  
 63.24 TROY OUNCES OF GOLD COINS, )  
 )  
 3 PLATINUM COINS, )  
 )  
 168,599 SILVER TROY OUNCE COINS, )  
 )  
 147 GOLD TROY OUNCE COINS, )  
 )  
 17 GOLD .05 TROY OUNCE COINS, )  
 )  
 710 SILVER .5 TROY OUNCE COINS, )  
 )  
 11 SILVER BARS AND SILVER SCRAP )  
 TOTALING 10,720.60 TROY OUNCES, )  
 )  
 1,000.5 TROY OUNCES OF SILVER COINS, )  
 )  
 1,000.5 TROY OUNCES OF SILVER COINS, )  
 )  
 DIES, MOLDS, AND CASTS SEIZED AT )  
 SUNSHINE MINTING, INC. ON )  
 NOVEMBER 14, 2007, )  
 )  
 16,000.05 TROY OUNCES OF RAW SILVER, )  
 )  
 100 OUNCES OF COPPER COINS, )

VERIFIED COMPLAINT  
FOR FORFEITURE IN REM

and )  
 )  
\$254,424.09 IN UNITED STATES )  
CURRENCY, )  
 )  
Defendants. )  
 )  
 )

NOW COMES the United States of America, plaintiff herein, by and through Gretchen C. F. Shappert, United States Attorney for the Western District of North Carolina, in a civil cause of forfeiture, and respectfully states the following:

1. This is a civil action *in rem* pursuant to 18 U.S.C. § 981 and 18 U.S.C. § 492.. Procedures for this action are mandated by 18 U.S.C. § 983, the Federal Rules of Civil Procedure, Rule G of the Supplemental Rules for Admiralty or Maritime and Asset Forfeiture Claims; and to the extent applicable, 19 U.S.C. §§1602-1621, and Rules C and E of the Supplemental Rules for Admiralty or Maritime and Asset Forfeiture Claims.

2. In this civil action commenced by the United States, this Court has original jurisdiction by virtue of 28 U.S.C. § 1345.

3. Because this is an action for the recovery or enforcement of a forfeiture under an Act of Congress, this Court has subject-matter jurisdiction by virtue of 28 U.S.C. § 1355.

4. Because any or all of the acts or omissions giving rise to forfeiture occurred in the Western District of North Carolina, this Court has *in rem* jurisdiction by virtue of 28 U.S.C. § 1355(b)(1).

5. This Court has venue pursuant to 18 U.S.C. § 981(h) and 28 U.S.C. §§ 1355, 1356, and 1395. Venue is proper because the acts or omissions giving rise to the forfeiture occurred in this district, and/or the defendant properties are found in this district.

6. The defendant properties are all present and future interest in:

- a) **Seized on November 14, 2007, at the NORFED Fulfillment Office, 225 N. Stockwell Road, Evansville, Indiana:**
  - 3039.375 pounds of copper coins
  - 5930.32 Troy ounces of silver coins
  - 63.24 Troy ounces of gold coins
  - 3 platinum coins
  
- b) **Seized on November 14, 26, and 29, 2007, at Sunshine Minting, Inc., 750 West Canfield Avenue, Coeur D'Alene, Idaho:**
  - 168,599 silver Troy ounce coins
  - 147 gold Troy ounce coins
  - 17 gold .05 Troy ounce coins
  - 710 silver .5 Troy ounce coins
  - 11 silver bars and silver scrap totaling 10,720.60 ounces
  - 1,000.5 Troy ounces of silver coins (November 26, 2007)
  - 1,000.5 Troy ounces of silver coins (November 29, 2007)
  - Dies, molds, and casts
  
- c) **Seized on November 15, 2007, at Sunshine Minting, Inc., 750 West Canfield Avenue, Coeur D'Alene, Idaho:**
  - 16,000.05 Troy ounces of raw silver

- d) **Seized on November 14, 2007, at 7 ½ Green Oak Road, Asheville, North Carolina:**
  - 100 Ounces of copper coins
- e) **Seized on November 13, 2007, at Integra Bank, 3819 East Morgan Avenue, Evansville, Indiana:**
  - \$254,424.09 in United States Currency

7. The defendant properties are located at the United States Marshal's Service in the District of Idaho; and at the Federal Bureau of Investigation (FBI) in the Western District of North Carolina and in Southern District of Indiana.

### **Factual Basis and Probable Cause for Forfeiture**

#### **Introduction**

8. NORFED, the National Organization for the Repeal of the Federal Reserve and Internal Revenue Codes, together with its officers, members, associates, and customers, (collectively NORFED), was founded by Bernard von NotHaus in 1998.

9. NORFED has carried out its operations and activities from 1998 until the present date.

10. On or about 2007, NORFED was renamed Liberty Dollar Services, Inc. It is also known as the Liberty Dollar and American Liberty Dollar.

11. Bernard von NotHaus is the president of NORFED, the "monetary architect," and the Executive Director of Liberty Dollar Services, Inc. He is also the Regional Currency Officer in Evansville, Indiana. Von NotHaus is also a member of the NORFED Executive Committee.

12. William Kevin Innes is the Asheville, North Carolina, Regional Currency Officer for NORFED and one of three members of the NORFED Executive Committee.

13. The main office, also known as the NORFED Fulfillment Office, of NORFED is in Evansville, Indiana. The main office contracts for the printing and minting of American Liberty Dollars, receives orders and monetary payments in United States currency for American Liberty Dollars, distributes materials, distributes American Liberty Dollar currency, and organizes the American Liberty Dollar University. The Liberty Dollar website, [www.libertydollar.org](http://www.libertydollar.org), is serviced and maintained at the main office.

14 Sarah Bledsoe is the NORFED Fulfillment Office Manager in Evansville, Indiana.

15 Bernard von NotHaus designed the Liberty Dollar currency in 1998.

16 Bernard von NotHaus, NORFED, and the members and associates of NORFED have circulated the American Liberty Dollar in the United States' domestic economy from 1998 until the present date.

17 NORFED has minted its American Liberty Dollar coins at the Sunshine Mint in Coeur D'Alene, Idaho.

18. NORFED has members and associates in at least thirty states.

#### **Purpose and Use of the American Liberty Dollar**

19. Since 1998, NORFED has been issuing and disseminating the American Liberty Dollar (Liberty Dollar) in all its forms throughout the United States.

20. The American Liberty Dollar is intended by NORFED to be a circulating currency used to purchase and be in exchange for goods and services.

21. The purpose of NORFED and the American Liberty Dollar is to mix Liberty Dollars into the current money of the United States.

22. NORFED intends the Liberty Dollar to be used as current money in order to limit reliance on and to compete with Federal Reserve Notes.

23. On October 10, 2006, at a meeting in Asheville, North Carolina, William Kevin Innes stated that the NORFED was putting "money into circulation."

24. The American Liberty Dollar a.k.a. Liberty Dollar (ALD), exists in three forms: coins, paper currency called warehouse receipts, and eLiberty Dollars (Digital Dollars).

25. Currently and since at least 2002, NORFED has had a current publication, signed and authored by von NotHaus, entitled *The Liberty Dollar, America's Inflation Proof Currency, 100% Backed and Redeemable in Gold and Silver (The Liberty Dollar)*.

26. The Liberty Dollar is "direct competition" to the current money of the United States. *The Liberty Dollar* (p. 23).

27. The Liberty Dollar is a "free market currency." *The Liberty Dollar* (p. 1).

28. The Liberty Dollar "is meant to be spent." *The Liberty Dollar* (p. 20).

29. The Liberty Dollar is designed to be "in commerce." *The Liberty Dollar* (p. 18)

30. "The Liberty Dollar is not an investment. It pays no interest, no return, nor promises any appreciation." *The Liberty Dollar* (p. 22).

31. "The Currency is not sold. It is exchanged for those dreaded Federal Reserve Notes." *The Liberty Dollar* (p. 23).

32. "ALD's are not notes," that is, debt instruments. *The Liberty Dollar* (p. 23).

33. "NORFED is not a bank." *The Liberty Dollar* (p. 23).

34. "The Liberty Dollar is NOT an investment. It is a currency." *The Liberty Dollar* (p. 29).

35. The Liberty Dollar is not an investment in "silver bullion." *The Liberty Dollar* (p. 29).

36. On March 24, 2007, at a Liberty Dollar meeting in Asheville, North Carolina, Bernard von NotHaus stated that the Liberty Dollar was not a "numismatic item."

37. On October 26, 2006, at a session of the Liberty Dollar University in Skokie, Illinois, Bernard von NotHaus stated the Liberty Dollar is not marketed as an investment.

38. At the same session, Bernard von NotHaus stated that NORFED was marketing a currency, not a commodity. He said that Liberty Dollars are exchanged, not sold.

#### **Resemblance to Coins of the United States**

39. Federal Reserve Notes (FRN's), obligations and securities of the United States, issued by the United States Bureau of Engraving and Printing and coins issued by the United States Mint are the current money of the United States.

40. American Liberty Dollar coins resemble coins of the United States. Exhibit 1.

41. American Liberty Dollar coins of five, ten, twenty, and fifty dollars are engraved with "\$," the dollar sign of the United States, and are engraved with the word "dollar."

42. The American Liberty Dollar coin in the denomination of five dollars (or one-half Troy ounce silver) is the same size as the Kennedy half dollar coin of the United States.

43. The American Liberty Dollar coin in the denomination of ten dollars (or one Troy ounce silver) is the same size as the Eisenhower dollar coin of the United States.

44. The coins of the United States in the denominations of dollar, half-dollar, quarter, dime, and nickel are engraved with "In God We Trust."

45. American Liberty Dollar coins of five, ten, twenty, and fifty dollars are engraved with "Trust in God."

46. The coins of the United States in the denominations of dollar, half-dollar, quarter, dime, and nickel are engraved with "Liberty."

47. American Liberty Dollar coins of five, ten, twenty, and fifty dollars are engraved with "Liberty."

48. The dime of the United States is engraved with a burning torch, and the one dollar coin of the United States is engraved with the Statue of Liberty holding a burning torch.

49. American Liberty Dollar coins of five, ten, twenty, and fifty dollars are engraved with a burning torch.

50. The one-dollar James Monroe coin of the United States is engraved with the Statue of Liberty.

51. American Liberty Dollar coins of five, ten, twenty, and fifty dollars are engraved with a crowned head that is similar to the crowned head of the Statue of Liberty.

52. The coins of the United States in the denominations of half-dollar, quarter, dime, and nickel are silver in color.

53. American Liberty Dollar coins in the denominations of five, ten, twenty, and fifty dollars are silver in color.

54. American Liberty Dollar coins in the denominations of five, ten, twenty, and fifty dollars are engraved with "USA".

55. A 2008 edition of the twenty dollar American Liberty Dollar coin is stamped "Asheville."



56. On October 27, 2006, at a dinner in connection with a session of the Liberty Dollar University in Skokie, Illinois, a Regional Currency Officer from Michigan stated that people mistake the twenty dollar Liberty Dollar for the silver dollar of the United States.

57. American Liberty Dollar coins are minted in silver, gold, platinum, and copper.

**Resemblance of American Liberty Dollar Warehouse Receipts to Obligations and Securities of the United States**

58. NORFED prints American Liberty Dollar warehouse receipts in the denominations of one, five, ten, and twenty dollars. Exhibit 2.

59. American Liberty Dollar warehouse receipts are imprinted with the word "dollar" or "dollars" and with the symbol, "\$".

60. American Liberty Dollar warehouse receipts are imprinted with the Statue of Liberty.

61. American Liberty Dollar warehouse receipts are imprinted with "Trust in God".

62. American Liberty Dollar warehouse receipts are imprinted with "Redeemable by Bearer on Demand".

63. American Liberty Dollar warehouse receipts are imprinted "Negotiable."

**Circulation of the American Liberty Dollar**

64. In 2002, there was over \$3 million worth of Liberty Dollars in circulation in the United States. *The Liberty Dollar . . .* (p. 2).

65. In 2002, there were 30,000 users of the Liberty Dollar. *The Liberty Dollar . . .* (p. 2).

66. In 2002, there were thousands of merchants who accepted and offered the Liberty Dollar in change. *The Liberty Dollar . . .* (p. 8).

67. On October 20, 2005, during a session of the Liberty Dollar University in Fletcher, Buncombe County, North Carolina, Bernard von NotHaus and William William Kevin Innes stated that the three largest communities using the Liberty Dollar were, Austin, Texas; Berryville, Arkansas; and Asheville, North Carolina.

68. On November 16, 2005, William Kevin Innes stated that there were sixty-five official Liberty Dollar merchants in the Asheville, North Carolina, area.

69. On October 20, 2005, Bernard von NotHaus told the attendees that there were approximately \$15,000,000 worth of Liberty Dollars in circulation in the United States.

70. On October 27, 2006, while speaking at a session of the Liberty Dollar University in Skokie, Illinois, William Kevin Innes spoke about how to market the Liberty Dollar in communities, and in particular, how he marketed the Liberty Dollar in Asheville, North Carolina.

71. On October 27, 2006, William Kevin Innes stated that there were eighty-five to ninety Liberty Merchants in the Asheville, North Carolina, area.

72. On October 25, 2006, the regional currency officer of Skokie, Illinois, stated that there were twenty-nine Liberty Merchants in the vicinity of Skokie.

73. On November 11, 2006, Bernard von NotHaus stated that there were twenty million American Liberty Dollars in circulation in the United States.

74. In *The Liberty Dollar . . .* (p. 20-21), paying for goods and services with Liberty Dollars is described by von NotHaus as follows:

When the FRN are mixed with the American Liberty Dollar coins, the acceptance rate is nearly 100%. I've only been refused once out of hundreds of transactions. Second, when I get to the cashier, I say "I have the paper, [show them the FRN cash], but I would

like to pay with silver. I then drop the \$10 American Liberty Dollar coins in the cashier's hand. Then wait. . . . When they ask "is it real?" I always answer: "Yes, ounce of silver, 10 dollars." Let them look at it as long as they like. . . . If they ask, "Where did you get it?" my first answer is "From a friend who collects them, but I like to spend them." Smile. This lets them know it's inherently valuable and that people collect them and some people spend them, in just one sentence. It also lets them know that you're not crazy to spend this money and there are others doing it too.

#### **2006 Warning by United States Mint**

75. On September 14, 2006, the United States Mint issued a press release and warning to American citizens that the American Liberty Dollar was "not legal tender." The Mint stated that the Department of Justice had determined that the use of Liberty Dollars as circulating money was a federal crime.

76. The FBI supplied the Mint with the names and addresses of known regional currency officers of NORFED, and the Mint mailed copies of the press release directly to those officers.

77. NORFED, and its officers, members, and associates, has continued to circulate the American Liberty Dollar in commerce since September 14, 2006.

78. On November 11, 2006, at a meeting in Asheville, North Carolina, Bernard von NotHaus stated that the warning from the United States Mint was wrong and that Liberty Dollar activities were lawful.

79. On March 24, 2007, at a Liberty Dollar meeting in Asheville, North Carolina, Bernard von NotHaus criticized the United States Mint's September 14, 2006, press release and warning about the Liberty Dollar.

### **Forms of the American Liberty Dollar**

80. The American Liberty Dollar currency is available in three forms: coins, warehouse receipts, and eLiberty Dollars (Digital Liberty Dollars) (electronic Liberty Dollars).

81. There are five primary coins issued, exchanged, and circulated by NORFED: one dollar, five dollar, ten dollar, twenty dollar, and fifty dollar.

82. Warehouse Receipts are the American Liberty Dollar paper currency.

83. NORFED states that the warehouse receipts are 100% backed by silver.

84. Warehouse receipts are imprinted with "redeemable by bearer on demand" and "negotiable."

85. eLiberty Dollars are online accounts that provide for the purchase and transfer of American Liberty Dollar currency among NORFED members, including Regional Currency Officers, Associates, and Merchants.

86. NORFED states that the eLiberty Dollars receipts are 100% backed by silver.

### **Members and Persons Involved**

87. There are four levels of membership or participation in NORFED.

88. The first is a regional marketer called a Regional Currency Officer (RCO). Regional Currency Officers pay an annual fee to obtain a region where they are responsible for the selling and distributing of the American Liberty Dollar and for recruiting Liberty Dollar Associates and Liberty Dollar Merchants

89. The next level of participation or membership is the Liberty Dollar Associate. A Liberty Dollar Associate pays \$250.00 for membership. The Associate receives \$100.00 in American Liberty Dollars, that is, coins and warehouse receipts, information about and access to

eLiberty Dollars, and a packet of information. The Associate can then purchase American Liberty Dollars currency at a discounted rate from their Regional Currency Officer or from the NORFED website.

90. The referring person, normally another Associate or Regional Currency Officer, also receives a profit of \$100.00 in American Liberty Dollar currency.

91. NORFED keeps \$50.00 of the membership fee.

92. The third level of membership is the Merchant. These Merchants accept American Liberty Dollar currency as payment for goods and services at the face value of the American Liberty Dollar currency or at a dollar-to-dollar value with Federal Reserve Notes (FRN). The Merchant can also purchase the American Liberty Dollar currency at a discount from NORFED and pass it as change to make a profit.

93. The Regional Currency Officer and Associate make a profit for each sale to a lower echelon member of the scheme.

94. At the Merchant member signs an agreement with the Regional Currency Officer and receives a discounted rate on the purchase of American Liberty Dollar currency. The focus of the Regional Currency Officers and the Associates is to sign up as many Merchants as possible in their region. The Merchants then purchase the American Liberty Dollar currency from the Regional Currency Officer or the Associate. The American Liberty Dollar currency is marketed to the Merchant as a way to make a profit by making change for customers.

95. *The Liberty Merchant Handbook*, published in and in use by NORFED since 2003, describes the role and activities of Liberty Merchants in NORFED.

96. In *The Liberty Merchant Handbook* (p. 5), it is stated that a Liberty Merchant must agree "to accept Liberty currency when presented" and "agree to offer Liberty currency as change whenever possible."

97. In *The Liberty Merchant Handbook* (p. 14), it is stated that Liberty Merchants make a profit by giving Liberty Dollars "out in change."

98. The fourth level of participation is the customer or purchaser.

99. Some purchasers from a Merchant have knowingly accepted the American Liberty Dollar as change in a purchase.

100. Thinking that they are receiving current money of the United States, other customers of Merchants are given American Liberty Dollars as change.

#### **Profit Scheme**

101. NORFED, its Regional Currency Officers, Associates, and member Merchants, make a profit circulating the currency.

102. NORFED sells American Liberty Dollars to Regional Currency Officers, Associates, and Merchants at a price greater than the daily spot price of silver but less than the American Liberty Dollars' face value.

103. NORFED's profit is the difference between the value in silver of the coin and the price that it sells the coins for.

104. Regional Currency Officers, Associates, and Merchants sell the American Liberty Dollars at a different price.

105. The profit for the Officers, Associates, and Merchants is the difference between their purchase price and their sales price.

106. A person not affiliated with NORFED pays the face value minted on the coins.

107. On October 20, 2005 Bernard von NotHaus told the attendees at a session of Liberty Dollar University in Fletcher, Buncombe County, North Carolina, that NORFED was making a profit of more than \$1,000,000 per year.

108. On March 24, 2007, at a Liberty Dollar meeting in Asheville, North Carolina, Bernard von NotHaus stated that NORFED was a multi-million dollar company.

#### **Actual Value of Coins**

109. NORFED, its Officers, Associates, and Merchants, represents to purchasers or end owners of the American Liberty Dollar coins that the face value of an American Liberty Dollar coin can be exchanged dollar for dollar for current money of the United States.

110. *The Liberty Dollar* (p. 1) states that the American Liberty Dollar exchanges "dollar for dollar with FRN for easy accounting."

111. The twenty dollar American Liberty Dollar coin is engraved with "one ounce .999 fine silver."

112. On the American Liberty Dollar website it is stated that by one troy ounce of .999 fine silver is redeemable at the value of the daily spot price of silver.

113. On November 8, 2007, according to [www.kitco.com](http://www.kitco.com), the New York Spot Price of silver was \$15.34.

114. On November 8, 2007, a twenty dollar American Liberty Dollar was backed by and redeemed for only \$15.34 in current money of the United States.

### **Financial accounts**

115. From January 2005 to July 2007, William Kevin Innes maintained a bank account at First Citizens Bank, Asheville, North Carolina. The account was used for transactions sending money by wire in United States currency to NORFED's bank account in Evansville, Indiana, and for the depositing of money in United States currency from sales of American Liberty Dollars.

116. In 2005, a check for \$100.00 in United States currency, dated October 20, 2005, payment for attendance at Liberty Dollar University, was deposited into the First Citizens' account.

117. In 2006, a check for \$300.00 in United States currency, dated May 9, 2006, payment for purchase of American Liberty Dollars, was deposited into the First Citizens' account.

118. In 2006, a check for \$500.00 in United States currency, dated September 21, 2006, payment for purchase of American Liberty Dollars, was deposited into the First Citizens' account.

119. From October, 2002, until September, 2005, NORFED, with Bernard von Nothaus and Sarah Bledsoe as authorized signatories, maintained a bank account at Integra Bank in Evansville, Indiana. The account was used by NORFED and its officers and employees for disbursing money in United States currency for salaries, depositing money in United States currency from membership fees, payments for office expenses, payments for printing expenses, payments for minting American Liberty Dollar coins at Sunshine Minting Company.

120. In 2005, an excess of one million dollars (\$1,000,000.00) was transferred by wire from this Integra Bank account to Bernard von NotHaus and the Sunshine Minting, Inc.



121. Since January 25, 2005, NORFED, in the name of Williams Boyd d/b/a Liberty Dollar of Evansville, Services, Inc., with Williams Boyd, Sarah Bledsoe, and Robert L. Voight as authorized signatories, currently or until recently has maintained another bank account at Integra Bank, Evansville, Indiana.

122. For this second Integra account in the period from December 2006 to August 2007, the following disbursements, *inter alia*, were issued by Sarah Bledsoe: payments to Bernard von NotHaus, William Kevin Innes, and Sarah Bledsoe, payments to Sunshine Minting Company for \$997,800.00, and payments to Royal Hawaiian Mint for \$5,128.00.

123. On November 13, 2007, pursuant to a seizure warrant issued by the United States District Court for the Western District of North Carolina, \$254,424.09 in United States Currency was seized from this second Integra bank account.

#### **Seizures of the Defendant Properties**

124. On November 14, 2007, pursuant to a seizure warrant issued by the United States District Court for the Western District of North Carolina, the following defendant properties were seized at the NORFED Fulfillment Office, 225 N. Stockwell Road, Evansville, Indiana:

- 3039.375 pounds of copper coins
- 5930.32 Troy ounces of silver coins
- 63.24 Troy ounces of gold coins
- 3 platinum coins

125. On November 14, 2007, pursuant to a seizure warrant issued by the United States District Court for the Western District of North Carolina, the following defendant properties were seized at the Sunshine Mint, 750 West Canfield Avenue, Coeur D'Alene, Idaho:

- 168,599 silver Troy ounce coins
- 147 gold Troy ounce coins
- 17 gold .05 Troy ounce coins
- 710 silver .5 Troy ounce coins
- 11 silver bars and silver scrap totaling 10,720.60 ounces
- 1,000.5 Troy ounces of silver coins
- 1,000.5 Troy ounces of silver coins
- Dies, molds, and casts

126. On November 15, 2007, pursuant to a seizure warrant issued by the United States District Court for the Western District of North Carolina, the following properties were seized at the Sunshine Mint, 750 West Canfield Avenue, Coeur D'Alene, Idaho:

- 16,000.05 Troy ounces of raw silver

127. On November 14, 2007, pursuant to a seizure warrant issued by the United States District Court for the Western District of North Carolina, the following defendant properties was seized at 7 ½ Green Oak Road, Asheville, North Carolina.

- 100 ounces of copper coins

128. On November 13, 2007, pursuant to a seizure warrant issued by the United States District Court for the Western District of North Carolina, the following defendant properties were seized at Integra Bank, 3819 East Morgan Avenue, Evansville, Indiana.

- \$254,424.09 in United States Currency.

### Other Events

129. On July 9, 2004, FBI special agent Andrew Romagnuolo purchased two American Liberty Dollars in the denominations of five dollars and ten dollars at a grocery store in downtown Asheville, North Carolina. Romagnuolo paid \$15 in United States currency for the Liberty Dollars. The grocery clerk took the Liberty Dollars from the cash register.

130. In the August 2006 edition of the Liberty Dollar News, a monthly newsletter of NORFED, a regional currency officer from Lancaster, Pennsylvania detailed his use of the Liberty Dollar to purchase goods and services on his vacation in various states. Among other things, he purchased and received change in current money of the United States for gas, campsite fees, lunch, and beverages.

131. On October 11, 2005, William Kevin Innes explained to an FBI agent working undercover how to join NORFED as an Associate by purchasing the two-hundred and fifty dollar (\$250.00) Associate package. Innes advised the agent that there were seventy (70) businesses in the Asheville area that took the American Liberty Dollar.

132. On December 21, 2005, August 8, 2006, October 28, 2006, November 11, 2006, and March 28, 2007, a FBI agent working undercover purchased American Liberty Dollars from William Kevin Innes.

133. On November 3, 2005, a FBI agent working undercover received mailings from the NORFED Fulfillment Office, 225 N. Stockwell Road, Evansville, Indiana 47715. The mailing contained the NORFED Liberty Dollar Associate introductory packet of materials, American

Liberty Dollar coins, warehouse receipts, and information to access an on-line account for eLiberty Dollars.

134. On November 3, 2005, a FBI agent working undercover created an eLiberty Dollar account online and downloaded twenty-two (22) eLiberty Dollars into the account.

135. On October 17, 2005, an FBI agent working undercover called NORFED from North Carolina at telephone number 1-888-421-6181. The agent used a credit card to purchase the Liberty Dollar Associate membership and materials and to enroll in Liberty Dollar University, a total purchase of \$550.00

136. On November 3, 2005, a FBI agent working undercover received the previously ordered Liberty Dollar Associate package in the United States mail. The package contained coins, silver certificates, and information on electronic Liberty Dollars.

137. On August 8, 2006, an FBI agent working undercover purchased seventeen ounces of silver in Liberty Dollars in denominations of twenty dollars and ten dollars from William Kevin Innes at his home in Asheville, North Carolina.

138. On October 26, 2006, at a dinner in connection with a session of the Liberty Dollar University in Skokie, Illinois, an FBI agent working undercover purchased American Liberty Dollars in the denomination of twenty dollars from three people, who resided in Illinois, California, and Pennsylvania, respectively.

139. On October 28, 2006, at a session of the Liberty Dollar University in Skokie, Illinois, a FBI agent working undercover exchanged \$500 in United States currency for 240 Liberty dollars.

140. On October 28, 2006, at a session of the Liberty Dollar University in Skokie, Illinois, Bernard von NotHaus took a FBI agent working Carolina to businesses and shops and showed the agent how to attempt to exchange Liberty Dollars for goods, services, and United States dollars.

141. In March 2008 in Asheville, North Carolina, William Kevin Innes purchased an acupuncture treatment with American Liberty Dollars.

#### **Defendant Properties are Subject to Forfeiture**

142. The defendant properties are subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(A), because it constitutes property involved in transactions and attempted transactions in violation of sections 1956 and 1957 of Title 18, United States Code, or property traceable to such property.

143. The defendant properties are subject to forfeiture pursuant to 18 U.S.C. § 492 because it is counterfeit of coins and obligations and other securities of the United States; because it is coins of gold, silver, and other metals or alloys thereof, made, passed, and uttered and intended to be made, passed and uttered, intended for use as current money of the United States and in resemblance of coins of the United States and of original design; and because it is article, devices, and other things made, possessed, or used in violation of Chapter 25, Title 18, United States Code, including 18 U.S.C. §§ 470, 471, 472, 473, 474, 485, 486, 487, and 489, and materials and apparatuses used or fitted or intended to be used, in the making of such counterfeits, articles, devices or things, without authority from the Secretary of the Treasury.

144. The defendant properties are subject to forfeiture under 18 U.S.C. § 981(a)(1)(C), 18 U.S.C. § 1956(c)(7), and 18 U.S.C. § 1961(1), because it is property which constitutes or is derived from proceeds traceable to the offenses of mail fraud, 18 U.S.C. § 1341, and wire fraud, 18 U.S.C. § 1343, and the offenses of conspiracies, under 18 U.S.C. § 1349 and 18 U.S.C. § 371, to commit mail fraud and wire fraud.

145. By virtue of the foregoing, all right, title, and interest in the defendant properties vested in the United States at the time of the commission of the unlawful act giving rise to forfeiture, 18 U.S.C. § 981(f), and has become and is forfeitable to the United States of America.

146. Upon information and belief, the following persons may have or claim an interest in the defendant properties: Bernard von NotHaus, William William Kevin Innes, and Sarah Bledsoe, Liberty Merchants, Liberty Associates.

WHEREFORE, the United States of America respectfully prays the Court that:

- (1) a warrant for the arrest of the defendant properties be issued;
- (2) due notice be given to all parties to appear and show cause why the forfeiture should not be decreed;
- (3) judgment be entered declaring the defendant properties to be condemned and forfeited to the United States of America for disposition according to law; and
- (4) the United States be granted such other and further relief as this Court may deem just and proper, together with the costs and disbursements of this action, including but not limited to the expenses of maintenance and protection of defendant properties as required by 28 U.S.C. § 1921.

Respectfully submitted, this the 29<sup>th</sup> day of May, 2008.

GRETCHEN C.F. SHAPPERT  
UNITED STATES ATTORNEY

s/ THOMAS R. ASCIK  
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VERIFICATION

STATE OF NORTH CAROLINA

COUNTY OF BUNCOMBE

I am a Special Agent with the Federal Bureau of Investigation. I have been the lead investigator of the incidents described in this Verified Complaint.

I have read the foregoing Complaint, and the contents thereof are true according to my best knowledge, information, and belief.

  
ANDREW ROMAGNULO

Sworn to and subscribed before me this the 29<sup>th</sup> day of May, 2008.

  
SHELLY FLYNN  
NOTARY PUBLIC

My Commission Expires: October 15, 2011.



# American Liberty Dollar Coins

actual size

Five dollars



Ten dollars



Twenty dollars



# American Liberty Dollar Coins

actual size

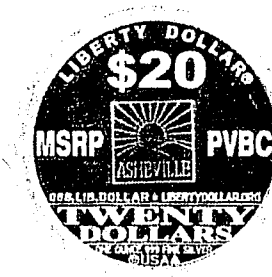
Five dollars



Ten dollars



Twenty dollars



American Liberty Dollar Coin – 50 dollars

enlarged



American Liberty Dollar Coin – 50 dollars  
enlarged



# Current money coins of the United States

actual size

Quarter



Half dollar



One dollar



# Current money coins of the United States

actual size

Quarter



Half dollar



One dollar



# Current money coins of the United States

actual size

One Dollar



# Current money coins of the United States

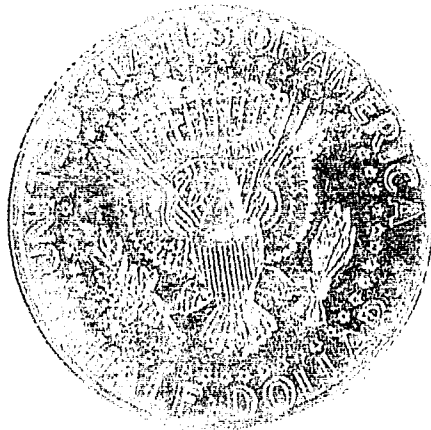
detail – 200 % actual size



# Quarter



# Half dollar



# American Liberty Dollar Coins

actual size

Five dollars



Ten dollars



Twenty dollars



# American Liberty Dollar Coins

actual size

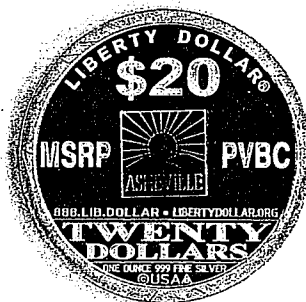
Five dollars



Ten dollars



Twenty dollars



American Liberty Dollar Coin – 50 dollars  
enlarged



American Liberty Dollar Coin – 50 dollars  
enlarged



# Current money coins of the United States

actual size

Quarter



Half dollar



One dollar



# Current money coins of the United States

actual size

Quarter



Half dollar



One dollar





# Current money coins of the United States

actual size

One Dollar



# Current money coins of the United States

detail – 200 % actual size

# Quarter



# Half dollar

