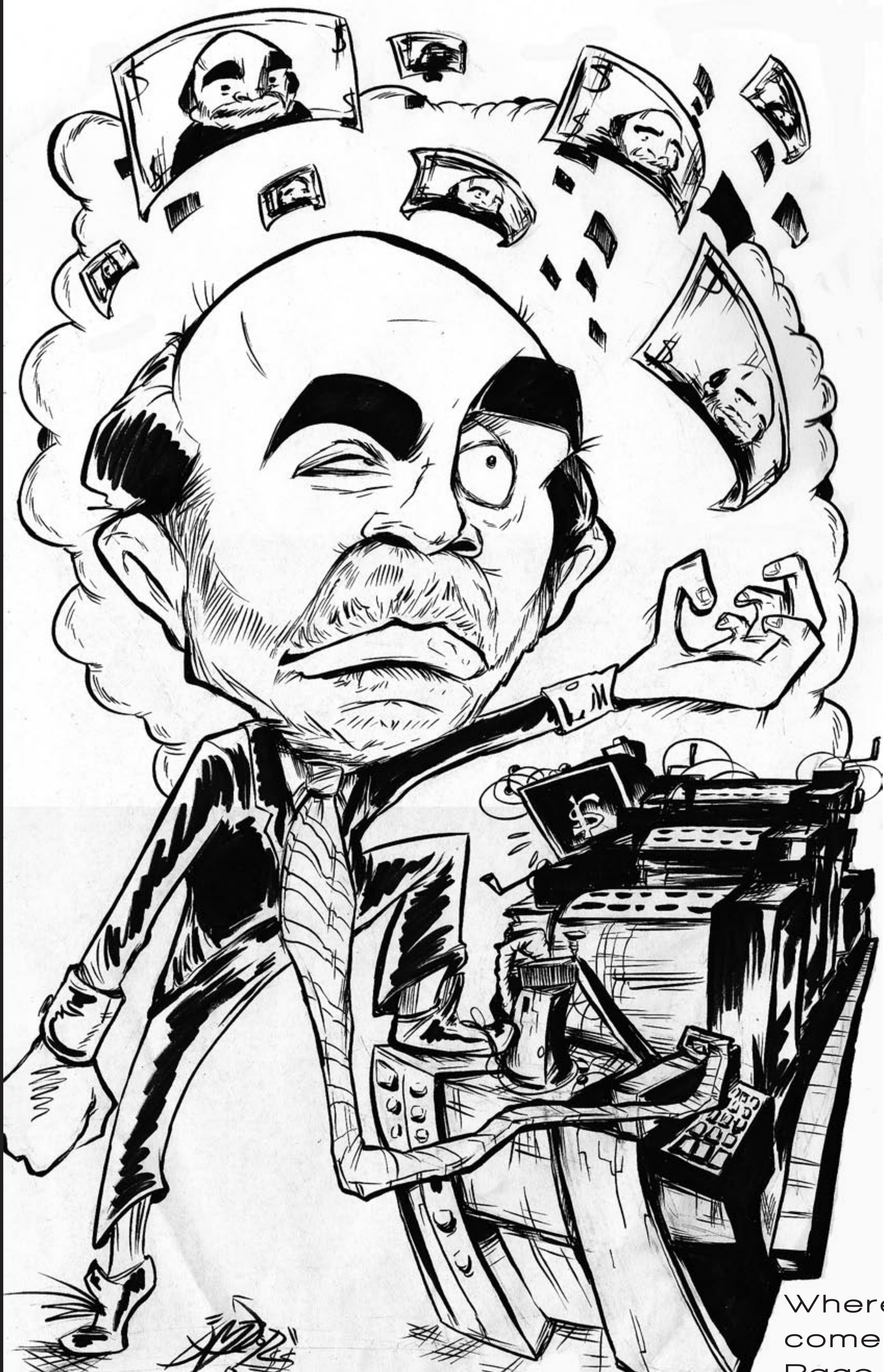
DGC MAGAZINE



THE TRUTH IN BLACK & WHITE

Where dollars really come from
Page 6

APRIL 2012 #53

DGC

Digital Gold Currency

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http://www.dgcmagazine.com

DGC Magazine is committed to expanding the legal use of digital gold currency around the world. Slowly, legally and ethically we are trying to move digital gold currency and sound money forward into everyday business.

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ISSN 2159-791X

Image on the magazine cover is a hand drawn caricature of Ben Bernanke created by local Portland artist Terra deHart.
See more of her work at
http://theawkwardexchange.blogspot.com/

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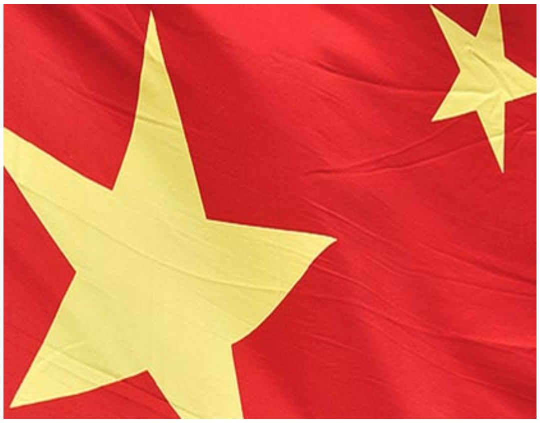


A Fistful of Euros

CONGRESSMAN PAUL'S TEXAS STRAIGHT TALK

This week, my congressional committee will hold a hearing to examine how the Federal Reserve bails out European banks, propping up spendthrift European governments in the process. Unfortunately this bailout comes at the expense of American citizens, in the form of higher prices and diminished savings down the road.

A good analysis of the Fed's "swap" scheme first appeared in the Wall Street Journal back in December, in an article by Gerald O'Driscoll entitled, "The Federal Reserve's Covert Bailout of Europe." Essentially, beginning late last year the Fed provided U.S. dollars to the European Central Bank in exchange for Euros--sometimes as much as $100 billion at a time. The ECB then funneled those dollars to European banks to provide liquidity and prevent crises from bank insolvencies. Since the currency swap was not technically a loan, the Fed did not have to embarrass itself by openly showing foreign bank debt on its balance sheet. The ECB meanwhile did not have to print new Euros and expose the true fragility of big European banks.

The entire purpose of this unholy arrangement was to obscure the truth: namely that the Fed was bailing out Europe with U.S. dollars.

But why is it the business of the Federal Reserve to bail out European banks that find themselves short of dollars to pay their dollar-denominated contracts? After all, those contracts often were hedges taken to protect banks against weakness of the Euro. Hedges are supposed to reduce risk, but banks that miscalculate should suffer their own losses accordingly. It's not our business if the ECB chooses to create moral hazards by providing liquidity to European banks, but why should the Fed prop up Europe's bad decisions!

The Fed has promised to provide unlimited amounts of dollars to the ECB, should circumstances require it. It boggles the mind. Of course when Fed officials first entered into these swap agreements with the ECB last September, they did so quietly. The American public only found out via websites of the ECB, the Bank of England, or the Swiss Central Bank.

The Fed already has pumped trillions of dollars into the economy since 2008, and US banks currently hold $1.5 trillion of excess reserves. So why don't American banks lend those excess trillions to European banks if they really need dollars? If US banks could earn 1 or 2 percent on those loans, they might just be interested. But they can't compete with the ½ percent interest rate charged by the Fed to the ECB. That's one glaring example of the harm caused by the Fed's ability to create money and loan it at below-market interest rates.

The Fed argues that these loans will be temporary, merely providing a little boost to get Europe over the hump. But that's what they thought a few years ago when such lines of credit to the ECB were set to expire, only to see the Fed reauthorize them. What happens if the European financial system collapses? Will the Fed be left holding a bunch of worthless Euros? Will the ECB simply shrug and turn over the collateral it received from European banks, maybe in the form of bonds from Ireland, Italy, or Greece? Have the 17 individual central banks backing the ECB pledged their gold holdings as collateral?

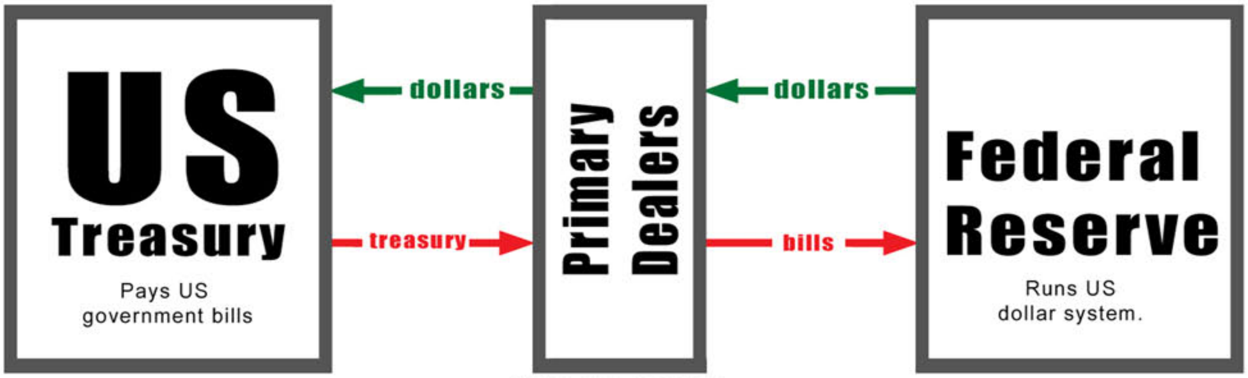
The Fed has placed a hundred-billion dollar bet on the future of the Euro, with the strength of the dollar on the line. This is absolutely irresponsible, and directly contrary to market discipline. Let private banks, European or otherwise, take their own risks. Let foreign central banks inflate their own currencies and suffer the consequences. In other words, it's time to apply market principles to banks and money.

WHERE DOLLARS

The study of money, above all other fields in econ
to disguise truth or to evade truth, not to re

This poster contains a streamlined view of the process of c
Federal Reserve's publications and th

MONEY FROM NOTHING



The Treasury creates T-Bills as authorized by congress

Primary dealers take an unnecessary percentage of all transactions.

While T-Bills and dollars are created from nothing, they are carefully accounted for.

Dollars are created here as the Fed issues an electronic check, "drawn upon itself".[1] In other words, the dollars are created from nothing.

The Fed also makes emergency loans to banks, and may buy or sell securities (always via Primary Dealers) on the open market.

(1) Modern Money Mechanics, p. 6, published by the Federal Reserve Bank of Chicago

WHO ARE THEY?

The answer to "who owns the Federal Reserve?" is a secret. The U.S. government will not tell. Researchers (Mullins, etc.) believe that eight families own and control the Fed, but this belief is uncertain. And even if true, by now these "families" would include hundreds of members each.

The Primary Dealers include 5-20 large trading companies, mostly banks. The list is published at ny.frb.org and changes from time to time. The perennial names on the list (Citigroup, Goldman/ Sachs, J.P. Morgan, Morgan Stanley, UBS Warburg) are thought to be substantially owned by the same people who own the Federal Reserve.

When a bank makes a loan, it simply adds to the borrower's deposit account by the amount of the loan. It does not take this money from anyone else's deposit; it was not previously paid in to the bank by anyone. It's new money, created by the bank for the use of the borrower.
-- Robert B. Anderson, Secretary of the Treasury

FREE-MAN'S
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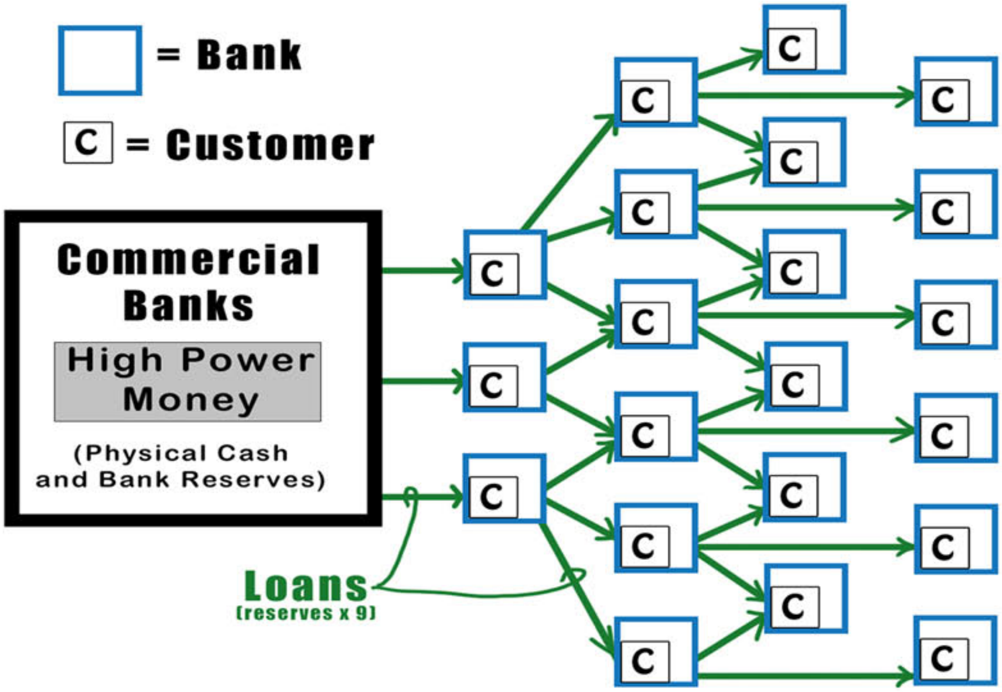
S COME FROM

omics, is one in which complexity is used
eveal it. -- John Kenneth Galbraith

dollar creation. Shocking as it may be, it is based upon the
he statements of authorized officials.

MULTIPLYING MONEY



At the end of the process, each original dollar of "high power money" has become almost ten dollars of "checkbook money".

This assumes a 10% reserve requirement. The current US reserve requirements range from 0% to 10%.

BUILT-IN PROBLEMS

1. All of these dollars are backed by nothing at all. The U.S. government owns gold, but that gold has been entirely unconnected to the dollar since 1971.

2. While vast amounts of money are created by this system, all of it is created with debt. This debt must be repaid with interest. However, the extra money for interest repayment is never created. This "missing money" can only be repaid by creating ever-more new money and debt (the "Ponzi" method) or by seizing the non-money wealth of the borrowers.

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Someone has to borrow every dollar we have in circulation, cash or credit. If the banks create ample synthetic money, we are prosperous. If not, we starve. We are, absolutely, without a permanent money system.
-- Robert Hemphill, Credit Manager, the Federal Reserve Bank of Atlanta

nsperspective.com

HOW TO PUT YOURSELF ON THE GOLD STANDARD

This article is written by Peter Schiff in his role as CEO of Euro Pacific Bank Ltd.

While you may agree with me that the world desperately needs the gold standard, you may be equally convinced that the day global leaders embrace it is still a long way off. Fortunately, regular people no longer have to wait for the leadership to come to their senses. It is now possible for individuals to establish a personal gold standard using the world's first Gold Debit Card. The service, offered by my company Euro Pacific International Bank, allows users to save in gold but spend in local currency.

Nearly all economists who actually influence policy continue to regard gold as a failed and obsolete relic. Much as the automobile supplanted the horse and buggy, these economists see the "elasticity" of fiat paper money as a major improvement over the inflexibility of the gold standard. But what they see as progress has been, in reality, a major step backward.

History is littered with the worthless notes of one failed paper currency after another. The Framers of the US Constitution were personally familiar with the perils of paper, which is why they took great care to establish gold and silver as the only permissible form of money in America. Unfortunately, their efforts were undone in the 20th century by misguided economists, opportunistic politicians, and complicit judges.

Beginning with its final abandonment of gold in 1971, the US is now leading the world in the largest experiment ever conducted in the use of unredeemable paper money. The experiment is unraveling rapidly as people the world over are losing confidence in the ability of central bankers to preserve the value of their savings. It's not a question of if the world will return to a gold standard, but when.

Gold is money because humanity throughout history has embraced it of their own free will. Paper is only money today because government decrees it to be. But just because government wants us to save and transact in its dollars, euros, or pesos doesn't mean we have to oblige them. Thanks to modern technology, we now have a better alternative.

As more people are rediscovering gold, they naturally prefer it to its fiat alternatives as a store of value. But while owning gold has become increasingly convenient, using it as a medium of exchange is far more challenging. To buy a tailored suit with a gold coin, a buyer would first need to identify a merchant who will accept gold in exchange. If the gold did not match the garment exactly in value, the two parties would either have to add paper currency or accept paper as change.

Of course, a gold owner can always "cash in" gold coins with a coin merchant anytime spending is anticipated. However, this can be a cumbersome and time-consuming process. First, you need to find a gold dealer who will give you a fair price to sell your coin. If it's a weekend, you may have to wait until Monday. If your gold is in storage with a third party, you will have to execute the sale, wait for the trade to settle, and then wait longer for the wire to hit your bank account. If the proceeds are paid by check, you will have to wait for the check to arrive in the mail and then wait for it to clear.

My new offshore bank solves these problems and makes spending your stored gold easy. Euro Pacific Bank, based in St. Vincent and the Grenadines, offers bullion accounts that may be accessed with a debit card accepted at over 3 million ATMs and 30 million merchants worldwide. Gold is changed into currency as needed to pay debits. It is always converted at the daily exchange rates. Unused balances are held in gold, giving the user all the benefits of gold ownership.

Unfortunately, this service is not available to U.S. citizens or residents.

To learn more about Euro Pacific Bank's Gold Debit Card and to receive an application, click here.

If enough people use my debit card, and other banks follow my example, governments will be under even more pressure to return to a gold standard. If consumers demand real money, governments will have no choice but to provide it. In the meantime, your savings will be safe from their central planning. Since even Warren Buffett recently admitted that he no longer likes paper money, it looks like it's game on. May the best money win.

Find out more by visiting this link.
http://www.europacbank.com/

THE LOOTING OF AMERICA

by Ross Hansen http://www.nwtmint.com/

Ross Hansen is the founder and CEO of Northwest Territorial Mint and has more than 30 years of experience as a precious metals trader and broker.

Recently, a wealthy customer of mine came into my office chortling about how he was able to sign up for VA disability.

"Are you disabled?" I asked. "You seem healthy, aren't you a tennis player?"

"Yes," he replied, "but back when I was in the military I had a very hard landing (wink, wink), and now I'm starting to feel some of those aches and pains."

To this I replied, "You're a wealthy man. You're worth millions. Why would you need to sign up for VA disability benefits and collect $1,400 a month from the government when you don't need the money?"

"You are right. I don't need the money, but why not?" was his reply. "Everyone is doing it. The government is giving it out. It's easy and it's free."

I know this gentleman well, and this attitude wouldn't seem to fit with his conservative, libertarian views, but whether conservative or liberal, the willingness to accept free government dollars has become the prevailing attitude in our society today.

We mint a coin based on an old saying: there's always free cheese in a mouse trap. Whether by design or happenstance, our society has fallen into "free cheese mode." Some might call it the European, or Canadian model.

As I investigated my perception, the statistics told the truth.

Food Stamps.
A record number of people are receiving food stamps today – according to the US Department of Agriculture, an average of 44 million received assistance in 2011. That's not just a record number (one would presume it would increase with population), but it's a record percentage of the population – more than 14% of us are receiving some amount of free government cheese. There's more of it, too – while there are 58% more food stamp recipients today than in 2008, total spending has doubled since 2008.

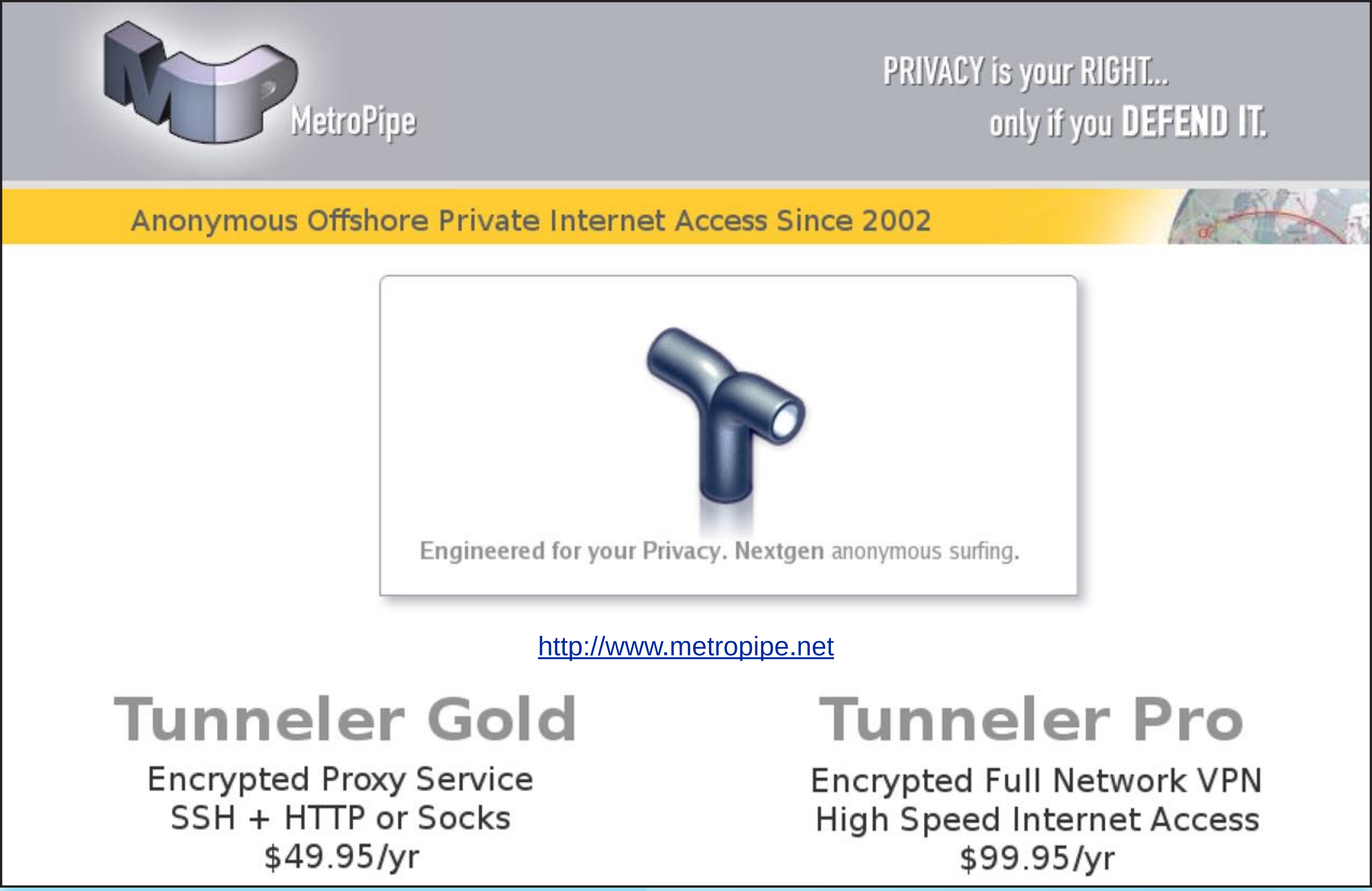
"Disability."
The last figures from the Social Security Administration list 7.7 million Americans receiving some form of disability from the federal government. In 2000, that figure was 5.9 million. That's a 30% increase at a time our population grew only by a little under 11%. If the government's giving it away, why not take it – and keep playing tennis?

Paying No Tax.
According to the Tax Policy Center, 46% of 2009 federal tax returns were filed with no obligation. That is, **zero federal tax was paid**. In 2010, that percentage grew to 51% according to analysis from the Joint Committee on Taxation in a letter to the Republicans on the Senate Finance Committee.

The main concern is that this is not only bankrupting our country – 40 cents of every federal dollar is borrowed – (source: Sen. Kent Conrad, ND) but the government's spending has climbed to 24% of GDP. This puts our economy in a bind. First, if the government is roughly 24% of GDP, if the budget were merely balanced we would have to cut 40% off of the government's 24% of all domestic spending.

That would instantly reduce our GDP by 9.6%, which would further hurt our economy, increase unemployment, and decrease the income taxes going back to the government. And, by the way, one definition (there is no official definition) of a depression (yes, depression with a "d") is a 10% decline in real GDP in a year.

The second major problem is that no politician is going to come clean about this because it simply doesn't pay to be honest with the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WU transfers in 15 minutes!
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American public. There is such a large expectant public, and the demographics with each new generation continue to get worse. No politician is going to tell Grandma or a retiree that they are not getting their benefits. If they did this they would immediately be voted out of office and replaced with someone who promises that the benefits will continue to flow. The path of least resistance is to borrow or print money. The result of that is to continue to inflate the currency. And so our politicians can tell us that Grandma got her social security check, but oh-so-sorry and it's not their fault that it just doesn't go very far with the inflation and all.

I contend that our people – and through extension, our politicians – have painted themselves into a corner. Like any addict, they won't institute any kind of reform until they hit bottom.

The theme of my commentaries in these pages has always been fundamentals. Right now, our economy is fundamentally based on debt; our tax structure is fundamentally based on overspending. Both are wrong. Our tax-and-spend ways are exploding the national debt, debasing the nation's credit and therefore, the soundness of the dollar.

These social schemes have been tried for many years and in many countries, always with the same poor results. There has been one constant and that is precious metals.

Ross B. Hansen CEO,
Northwest Territorial Mint

YANDEX MONEY NOW ACCEPTS FOREIGN BANK CARDS

Yandex.Money, online payment system of the Russian search giant, now allows you to link your Yandex.Money account to a bank account outside of Russia.

Users from any country, other than Russia, can make payments to the sites of Russian companies or e-shops, through Yandex Money.

Yandex.Money is accepted by most major online stores in Russia, such as Ozon or kupiVIP, and by a number of online services provided throughout the 'Runet' (Russian internet). From now on, if you have a debit card of a non-Russian bank with money on it, you can buy products and services in Russian online shops, some of which can deliver them worldwide but do not accept international payment systems.

This is a fast and secure way to make payment in Russia. Of course, merchants, do not store any card details. It is not more different than Paypal. You can bind card of any bank, operating in Russia or abroad to your personal Yandex Money account.

The service is available in all countries except Canada and US so far. The downside is that Yandex.Money (like most of Yandex's features) has a Russian-only interface, which practically limits its audience to Russian emigrants who are used to Yandex and its services. An English interface would allow Yandex to target a much broader audience, which means more business for Russian e-commerce. So why doesn't Yandex translate its services into English? Is Yandex planning to expand beyond the Russian-speaking market, or is it simply enough to keep the leading position in Russia?

Currently this offer it is not available to users with bank cards issued in United States, and Canada. Users from other countries will be able to pay for all connected to Yandex Money stores, for example, Russian goods – books, music, movies. In addition, Yandex Money users can pay for digital goods and virtual services: watching movies, online language courses, subscriptions to electronic libraries and Russian editions, features social networks, and more.

http://seorussia.com/2012/03/24/yandex-money-now-accepts-foreign-bank-cards/

CENTREGOLD

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Some of the advantages of having gold "in digital form" are the ability of paying with it, the ability of seeing the balance at any time, while also seeing what that balance is currently equivalent to in terms of fiat currency value.

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Get your real gold in digital form, as well as other types of Digital Value Units (or Digital Currency) via http://centregold.ca, where speed and quality merge together.

Update: and now, buy WebMoney with credit cards and bank wires!

http://cg2wm.com.

Update: new and very demanded payment methods are coming.

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GOLD

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Sell your digital currency units to us and get paid straight to your *universal* Centregold™ MasterCard®.

http://www.centregold.ca

Interview with the CEO of E-Dinar Dr. Dahinden

http://www.globaliamagazine.com/
24.03.2012

What is an "internet based payment system?

(gm) – In the following interview we have spoken with the CEO of E-Dinar Dr. Dahinden about the role of payment systems in the future. 'Is there an alternative to Banking?' was one of our most important questions.

Question: Often the call to return to gold based currencies is considered to be not "modern" or "old fashioned" – how do you respond to such arguments?

Dr. Dahinden: Up to the time of Napoleon Bonaparte who created the 'Banque de France' and, through it, the first fiat or paper currency in our civilization, people considered gold and silver coins as the only trusted means of exchange. You might call this 'old fashioned', I call it 'common sense'. While fiat currencies are great for governments and banks because they allow money to be created from 'thin air' and to collect interest on nothing, gold and silver currencies are great for people precisely for the fact that they cannot be created from 'thin air' and do not carry interest. Quite the contrary to fiat currencies, bi-metallic currencies have an intrinsic value which derives from their rarity and the hard labour it takes to extract them from the earth, purify them and mint them into coins. This intrinsic value does not depend on a promise by somebody else as is the case with fiat currencies.

Question: The funny thing is that so many people trust banks even though we are facing this crisis – is it time now for alternatives?

Dr. Dahinden: in my opinion, one of the 'good things' that came out of the financial crisis is a growing perception that banks cannot be trusted because they were at the root of the recent financial crisis which was caused by their greed, their reckless trading activities (often for their own benefit and not the benefit of their customers) and their excessive risk taking through the use of complex 'structured' products mixing bad with good credit. Not only did many people lose a lot of money through the banks, but also we and future generations now have to pay for the banks' recklessness through government-prescribed 'bailouts'. As a result, many people have lost their trust in banks and are increasingly willing to explore alternatives such as keeping precious metals in safety deposit boxes and investing with companies holding precious metals as physical collateral.

Question: Do you believe that the internet opens up a new freedom in the realm of trade and financial transactions? Are we fully aware yet of these new options?

Dr. Dahinden: The internet has definitely changed the rules of the game and has evened the playing field not just for financial services but for trade in general. It has allowed small players to enter the big boys' game and compete successfully with established banks and large financial institutions. Through its global reach, the internet enables the creation of virtual trading networks and can attract customers based on merit and reputation rather than through the costly 'palaces' used by traditional banks for the attraction and retention of their customers.

Today, we are still at the beginning of the 'internet revolution' and have a long way to go. For financial service providers, one of the key risks is the rapidly growing abuse by criminals and fraudsters which makes it increasingly difficult for honest players to gain the trust of customers. Only once we are able to fight cyber-crime effectively and have established mechanisms to identify trusted sources (through virtual rating agencies), will the Internet be able to attain its full potential in global trade.

Question: Can you explain to us briefly please, what is an "internet based payment system"? Why do customers really need it?

Dr. Dahinden: An internet-based payment system enables online payments for goods and services. Such payments can either occur via e-banking transfers of fiat currencies between different financial service providers or via payments of alternative currencies within the same system and/or between trusted systems. Alternative currencies are typically based on gold or silver (e.g. GoldMoney; e-dinar) but can use any other payment unit that buyers and sellers agree to accept in exchange for services and goods. In addition, some barter systems use electronic units tied to fiat currencies (e.g. the Chiemgauer) and others are based on work hours or services exchanged between members (e.g. exchange of a haircut for a baby-sitting session).

While gold and silver-based systems have seen a large increase in holdings over the past years, this increase has not been mirrored in the way how digital gold and silver systems are used in merchant commerce. In other words, these systems have become popular 'savings' vehicles but have made no or minimal inroads as commercial payment systems.

Internet payments have greatly increased the speed and transparency of money transfers from several weeks down to a few days (in the case of banks) and even seconds in the case of alternative systems. The higher speed of fund transfers has had a tremendous impact on global trade increasing trade turnover several fold as compared to 20 years ago.

Question: In your opinion, honestly speaking, why have gold- and silver-based systems not been successful in commercial trading?

Dr. Dahinden: you are touching on an intriguing phenomenon. While most of the original players like e-dinar and GoldMoney were convinced that we could introduce a superior electronic currency with intrinsic value which would eventually replace other e-payment systems based on fiat money, this has at least for e-dinar never materialized. During a recent discussion with James Turk at the Utah Monetary Summit in 2011, James Turk confirmed to me that the situation in GoldMoney is similar to what we observe in e-dinar. The vast majority of customers use the system for savings and only a minute part of all transactions are commercial in nature.

To date, the majority of customers either buys bullion for long-term storage as a means of savings or redeems bullion in the form of investment bars or gold and silver medallions. E-commerce activities continue to remain marginal. In e-dinar, we recently started to work with our Malaysian partners on the integration of a new form of e-commerce using SMS payments to support the payment of bills, car rentals and everyday purchases one would normally use a credit or debit card for. We see a real opportunity for e-payment systems such as e-dinar to support this new kind of e-commerce since SMS payments have gained broad acceptance throughout South-East Asia and are today the number one means of on-the-go payments because of their superior convenience.

We are in negotiations with the state government company 'Kelantan Golden Trade (KGT) Sdn' which is our core customer in South East Asia to add an electronic payment system as a supplement to the physical gold dinars and silver dirhams we have been supplying to them over the last two years. The e-dinar system would for obvious reasons fit the bill very well.

Part of the expected functionality would be the electronic equivalent of dinars and dirhams (with 100% physical coin backing as we guarantee today) that can be used to pay utility bills (e.g. electricity, water etc.), phone bills and make other payments as required.

Question: What is the real advantage in using such systems, taking in consideration that banks now provide very quick international transfers?

Dr. Dahinden: To be honest with you – in terms of convenience, ease of use and functionality, these systems hold no advantage over conventional banking systems. Quite on the contrary, they do not have the equivalent functionality of a current account used for everyday purchases and bill payments. They represent however an ideal alternative to paper savings by offering a low cost means to hold a percentage of one's savings in gold and silver as advised by a growing majority of portfolio managers today.

This does not imply that I am a fan of Western banking – quite the contrary. While I appreciate the convenience of modern banking and its ease of fund transfers, I cannot accept its ceaseless creation of money from nothing and its uninhibited risk taking for the sake of profit and fat executive bonuses (e.g. Credit Suisse just paid out 3

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billion in additional bonuses to 300 executives on top of their regular year-end bonuses!).

Western banking has brought the world to the brink of collapse and does not seem to have learnt anything from the near catastrophe. 'Funny' money creation is at all-time highs, none of the dangerous and destructive securisation practices have been halted or reversed and the seeds for the next (and probably final) financial catastrophe are been sown right under our eyes.

Question: What will be future of e-dinar? Is there a market?

Dr. Dahinden: a growing number of our customers prefer to have the metal in their hands rather than store it with third party providers (please note: e-dinar both stores bullion on behalf of customers and also physically delivers bullion products to customers). My personal belief is that the production and immediate redemption of gold and silver products is the most honest and gratifying way to bring gold and silver to the people. Only once somebody has touched gold and silver bars and coins, do they begin to understand the unique quality of these metals.

In addition, physical redemption makes people independent of third-party risks through insolvency of custodian companies (unlikely if 100% of the physical metal is indeed held in storage as is the case with e-dinar) or forced government closure (more likely) as we have witnessed with e-bullion and e-gold.

As recent history has demonstrated, the risk of government interference is more pronounced in Western countries where financial regulators tend to be more wary of private operators than in the Middle East where the private sector business with gold is persuasive and wide spread.

There is definitely a key role that systems such as e-dinar or GoldMoney can and should play in the realm of e-payments and commercial transactions. However, before this can happen in a serious way, some of the issues below need to be first addressed and resolved:

- Gold-based e-payments (if one includes the in- and out-exchange processes) are less convenient and take longer than credit and debit card payments

- ATM-based gold payments using debit cards are less competitive because all card-based systems involve an issuing bank. The cumulative spreads of the issuing bank and the gold provider are in all cases known to be higher than conventional credit and debit card fees

- If you go in and out of gold to/from cash as many merchants would do, you are exposed to currency fluctuations combined with bullion volatility which might necessitate hedging and would result in additional costs

- The cumulative time delays in sending funds to and from the gold provider's bank account (i.e. what we call in- and out-exchange) and the resultant exposure to exchange risks during these delays increase exposure

- And finally, existing gold-based e-payment systems are probably still a little bit too exotic for use in daily transactions

Question: Do you permit third party exchange agents to buy and sell your products and services?

Dr. Dahinden: Yes, we do and indeed encourage intermediaries to become our business partners. As a matter of fact, we work more and more through intermediaries for two reasons:

- It lets us do what we do best – to produce, store and redeem gold and silver products

- It allows us to grow market share more rapidly than if we had to build our own distribution network.

We provide our intermediaries with logos, top quality photos of our products and website layouts to help them get started with little initial investment. In some cases, we provide them with satellite SW applications and even integrate their sales systems into our order management.

In that process, we broaden the appeal and customer base for our brand and products. Since we own comprehensive trade mark protection on several key aspects of our products, we enjoy product exclusivity – several companies which entered the market with similar products have learnt this the hard way.

In other words, our business increasingly builds on and depends on reliable intermediaries. For us, the advantage is clear: we deal with a manageable number of strategic business partners and our average order size has increased from approximately 5’000 to 80’000 USD per order.

Question: What is the target group of such kind of services? Do you see the “Halal Market” getting interested in such systems?

Dr. Dahinden: For day-to-day e-payment services which we plan to launch in a concerted effort later this year, our target groups are current and future gold dinar and silver dirham customers in Malaysia and Indonesia who have already been buying the physical coins and who have expressed an interest in e-payments based on the gold dinar and silver dirham.

To provide a perspective to our initial target group, we have sold more than 50’000 gold dinars and close to half a million silver dirhams in South-East Asia alone during the last two years. The potential customer base therefore is significant and well established.

Religiously motivated customers (most of our customers in South East Asia are Muslims and therefore religiously motivated) buy our products (i.e. gold dinars and silver dirhams) among other reasons because they are 100% halal. The answer therefore is yes, the ‘halal’ market is increasingly interested in our products.

Question: There is growing doubt in Islamic Banking also between Muslims, do you see alternatives or will the Muslims hold on to such banking?

Dr. Dahinden: First, we need to clearly state that there is no substantial difference between ‘Islamic’ banking and ‘Western-style’ banking. While Islamic banking has tried to transform lending into non-usurious forms of profit making, they still ’lend’ money and make profit from interest, albeit better hidden than in traditional banking activities. Let us face it: the core business of banks is lending money for interest, be they Western or Islamic banks.

Second, all banks, whether Western or Islamic banks, work with fiat money (i.e. money made out of nothing) which is intrinsically usurious because it carries interest, destroys purchasing power and causes inflation.

It is therefore not surprising that Muslims as well as non-Muslims have growing doubts about banking, whether Islamic or not, it does not really matter.

Question: Is there a serious alternative to banking?

Dr. Dahinden: Today, my answer is no. Banking unfortunately still is a necessity and will remain so for the near future. In the future, I hope very much that systems such as e-dinar or GoldMoney will become a viable alternative to banking and will be increasingly used by people for traditional banking needs.

Thank you for the interview.

http://www.globaliamagazine.com/?id=1268

###

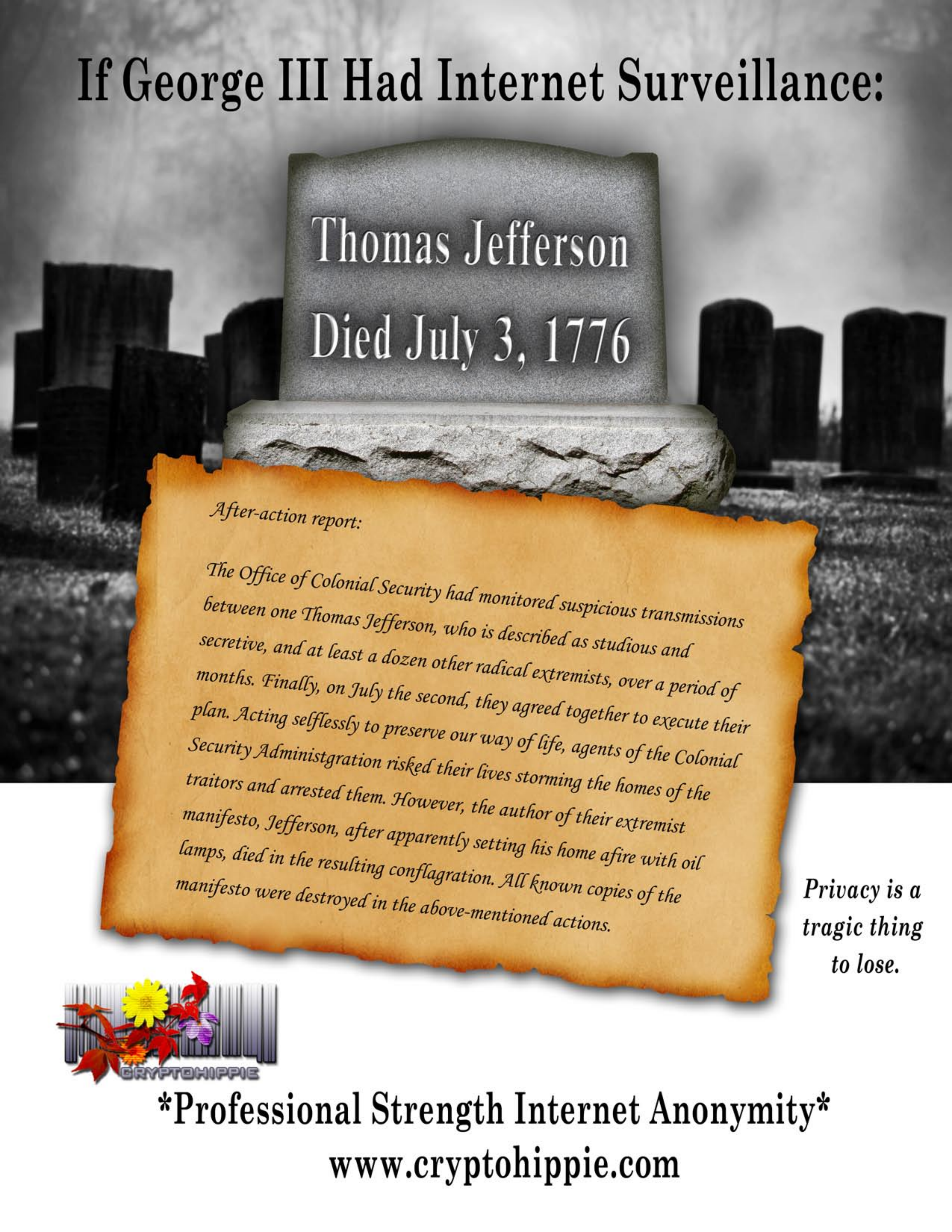
IS WESTERN UNION MOVING IN ON PAYPAL’S ACTION?

Western Union is rolling out a new electronic payments platform called “WU Pay”.

This will allow U.S. online shoppers to pay for purchases from their existing bank account or in cash at any WU location. The new platform is supported by eBillme. WU acquired this system back in October 2011.

Just like PayPal, WU Pay customers don’t share any account info or credit card data when completing an online transaction.

This new service is a payment option at online merchants including Sears, Kmart, Buy.com, Tiger Direct, RedCats USA and others


If George III Had Internet Surveillance:
Thomas Jefferson
Died July 3, 1776
After-action report:
The Office of Colonial Security had monitored suspicious transmissions between one Thomas Jefferson, who is described as studious and secretive, and at least a dozen other radical extremists, over a period of months. Finally, on July the second, they agreed together to execute their plan. Acting selflessly to preserve our way of life, agents of the Colonial Security Administgration risked their lives storming the homes of the traitors and arrested them. However, the author of their extremist manifesto, Jefferson, after apparently setting his home afire with oil lamps, died in the resulting conflagration. All known copies of the manifesto were destroyed in the above-mentioned actions.
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FED MINUTES DON'T MATTER: U.S. ECONOMIC PROSPECTS AND THE PRICE OF GOLD

NEW YORK (April 3, 2012) – Jeffrey Nichols, Senior Economic Advisor to Rosland Capital (http://www.roslandcapital.com), had the following comments on gold's short-term prospects:

Past and prospective U.S. Federal Reserve monetary policy – characterized by low or negative real rates of interest and unprecedented monetary creation in the United States – has been an important ingredient fueling gold's spectacular price performance in recent years.

Now, however, signs of an early economic spring – with better than expected employment, production, new orders, and spending indicators – are leading some analysts and investors to scale back their expectations of further Federal Reserve monetary accommodation. And, they believe continued Fed stimulus is necessary for gold to move higher.

In contrast, I believe the economy is not as strong as it looks . . . and, recovery or not, I disagree that more Fed stimulus is necessary if gold is to resume its upward path. Here's why:

- Despite the recent improvement in some of the economic indicators, the U.S. economy remains vulnerable to a renewed and visible setback in business activity and employment.
- The unusually mild winter across the United States together with inaccurate seasonal adjustments has painted an overly rosy picture of recent U.S. economic performance.
- In addition, slowing business activity in Europe, China, India, Latin America and virtually

- everywhere else is cutting demand for American exports.

Meanwhile, higher petroleum and gasoline prices are taxing the American consumer and cutting into purchases of other goods and services.

In past business cycles, a recessionary economy would generally be countered by aggressive short-term fiscal stimulus. But U.S. fiscal policy is moving in the opposite direction – and it is likely to continue in the wrong direction at least until the November national elections.

In addition, election-year uncertainties, a depressed housing sector, cutbacks in state and local government spending, more public-sector lay-offs, and the heavy burden of debt will continue to take its toll.

More fundamentally, the American economy must still pay its dues for many years of excessive and imprudent spending – years in which the private and public sectors both spent much more than we could afford, on things we didn't need, and, worst of all, with money we didn't have. As a result, we are continuing to suffer from the heavy burden of unprecedented public and private debt – and it will be years before this debt ceases to be a barrier to adequate rates of real economic growth.

America's inability to get its fiscal house in order will continue to compel the Fed to pursue an aggressive accommodative monetary policy. But printing more money will, sooner or later, result in a resumption of the U.S. dollar's long-term downtrend both at home and overseas . . . and, as night follows day, a substantial and unprecedented appreciation of the dollar-denominated gold price.

Although they would never say so, the Federal Reserve and U.S. Treasury may be quite happy to see a weaker dollar and somewhat higher rate of domestic price inflation.

A few years of higher inflation would reduce the real value of America's debt as a percentage of nominal GDP, and bring the ratio of debt-to-GDP back down to historically acceptable norms. And, conventional economic theory says a weaker dollar would stimulate the U.S. economy by boosting exports and restraining imports.

But, gold is going higher even if I'm wrong about Fed policy and the economic outlook. In past Rosland Gold commentaries we've discussed the bullish building blocks that promise higher gold prices in the years ahead. Briefly, the list includes:

- Growth in Chinese gold demand for jewelry and investment regardless of the country's near-term economic performance.
- Growth in net official demand as central banks shed both U.S. dollar and euro currency reserves in favor of gold.
- Further European political and euro-currency disintegration; Continued Mideast unrest and uncertainties for years to come.
- Persistently high oil prices along with higher agricultural and industrial commodity prices, especially if the economy picks up steam.
- And, insufficient growth in world gold-mine production.

To arrange an interview with Jeffrey Nichols or Rosland Capital's CEO Marin Aleksov, please contact Carrie Simons at Triple 7 Public Relations (310.571.8217 | carrie@triple7pr.com).

About Rosland Capital

Rosland Capital LLC is a leading precious metal asset firm based in Santa Monica, California that buys, sells, and trades all the popular forms of gold, silver, platinum, palladium and other precious metals. Founded in 2008, Rosland Capital strives to educate the public on the benefits of investing in gold bullion, numismatic gold coins, silver, platinum, palladium, and other precious metals. For more information please visit
http://www.roslandcapital.com

About Jeffrey Nichols

Jeffrey Nichols, Managing Director of American Precious Metals Advisors and Senior Economic Advisor to Rosland Capital, has been a leading precious metals economist for over 25 years. His clients have included central banks, mining companies, national mints, investment funds, trading firms, jewelry manufacturers and others with an interest in precious metals markets.

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IDAHO CONSTITUTIONAL MONEY ACT OF 2012
BY REPRESENTATIVE PHIL HART FOR IDAHO
THURSDAY, MARCH 15, 2012

Last week the House State Affairs Committee of the Idaho Legislature sent to the amending order a Sound Money bill. This bill is called the "Idaho Constitutional Money Act of 2012." The purpose of the bill is to remove barriers and provide statutory authority for those in Idaho who may choose to do business with gold and silver coin. The bill will declare gold and silver coins currently minted by the United States Mint as legal tender in Idaho.

The authority to conduct business in gold and silver coin already exists at the federal level in the United States Code. You can find the statute at 31U.S.C. 5118 (d)(2). What I am sure some will find surprising is that our states are required to do business in gold and silver coin as mandated by the United States Constitution.

"No state shall…. Make anything but gold and silver coin a tender in payment of debts:…." United States Constitution, article I, section 10, clause 1.

If we were obeying the Constitution, all state business would be conducted in gold and silver coin. But most of us have forgotten our Constitution, and very few of us push back enough to slow the process down of America's transformation from limited government to big government. Reliance on fiat money is necessary to support big government.

Today's out of control creation of fiat money by the private Federal Reserve Bank is evidence that the "chains of the Constitution" that Thomas Jefferson referred to as what would hold back government have been completely broken. And the growth of our government along with its deficit spending now threatens the very survival of our Nation.

But these chains do not need to stay broken forever. They can be repaired. The Constitution is only ink on paper. It has no life of its own. It gets its life from us. Our ignorance of the Constitution effectively makes it a dead document. And our ignorance provides energy and encouragement to those who choose to abuse the

Constitution, and consequently abuse us. This dynamic is accurately portrayed in the movie The Matrix. Our choice to remain both ignorant and silent empowers those who have abused the process. And from a practical standpoint we have been enslaved with unpayable debts and stifling taxation. Thomas Jefferson also said "Those who expect to be ignorant and free, expect something that never was and never will be."

On the contrary, when we are knowledgeable of our Constitution, we are less likely to stand on the sidelines and watch the Constitution be abused. When we withhold our consent to unconstitutional government actions, by way of our resistance, the usurpers are instead thwarted.

Only by defending the Constitution will we be able to restore our Republic. And the defense of the Constutition needs to start at the grassroots; because the further one climbs in the political hierarchy, the more likely they are to abuse the Constitution. Even the courts put their wetted finger up to check which way the political wind is blowing.

Since the first TARP (Troubled Asset Relief Program) bailout at the end of the Bush Administration, the Federal Reserve Bank is thought to have created $29 trillion. We actually can only estimate the amount because today the Fed seeks to hide what they are doing. This is enough money to buy over half of all the assets in the United States and will prove to be highly inflationary. And since the United States Dollar functions as the reserve currency of the world, when the rapid decline in the value of the dollar begins, it will likely be catastrophic. Hence, the necessity of this legislation.

The French hyper-inflation of the 1790's was similar to the German hyper-inflation of the 1930's in that both inflations were contained within a single country. And in both cases when the currency collapse was complete, these countries had stable neighbors to help them recover. Our future hyper-inflation will be more like Rome's where the currency of an empire was debased taking down with it the economies of the known world. In our case, the collapse of the U.S. Dollar is going to have worldwide implications.

Idaho can build a lifeboat to mitigate what is now unavoidable: future hyper-inflation. We can do this by encouraging the use of stable money in our economy. House Bill 578 seeks to do this by removing barriers to the use of gold and silver coin, and ensuring that our courts are empowered to enforce any gold and silver contracts that find their way into the courtroom.

House Bill 578 also removes the state of Idaho capital gains tax on United States minted legal tender gold and silver coins. Such a tax is effectively a tax on the possession of money itself. To my knowledge, we have never levied a direct tax on money in the history of the United States. But through our abandonment of gold and silver as money, and our use of inflationary fiat money that is created out of thin air, we have indirectly taxed the existence of constitutional money in the form of gold and silver coin by way of the capital gains tax. From a practical standpoint this constitutes a quiet confiscation of wealth, and from a legal standpoint I believe it is an unconstitutional direct tax.

As a culture we have left the use of gold and silver as a medium of exchange far back in our past. Now only a minority of people understand the importance of a stable medium of exchange. House Bill 578 seeks to reacquaint Idahoans with constitutional money. It also facilitates the use of constitutional money by adding affirmative language for the use of gold and silver coin to our state statutes. From 1933 to 1977 these gold contracts will illegal.

Contributing to the drafting of HB578 was Dr. Edwin Vieira. Dr. Vieira is considered America's premier authority on the use and history of constitutional legal tender and is the holder of four degrees from Harvard University including a PhD in Chemistry and a PhD from the Harvard Law School. Dr. Vieira also authored Pieces of Eight and Crashmaker, two major works on monetary policy.

There has been some criticism of HB578. The allegation is that the bill will provide a way to avoid taxes. The Idaho Code already exempts the purchase of gold and silver bullion and coins from sales tax (I.C. 63-3622V). The additional tax exemption provided by HB578 is very narrow and only affects the exchange of United States minted legal tender gold and silver coins from capital gains tax when exchanged for U.S. paper currency.

If one were to go to the bank and present a $100 bill and ask for $20's in exchange, no one would object if they were handed five $20's. But if you were to only receive four $20's back, everyone would have a

problem with that. Well, this is what we are doing today with legal tender gold and silver coins. We are taxing their existence by way of a capital gains tax when the coins are exchanged for paper currency. Was there really a gain? Or did the paper money decrease in value with the value of the gold and silver coins remaining stable? If the latter is true, than a capital gains tax on the gold and silver is really not a tax, but rather a theft of one's wealth by way of inflation.

If HB578 becomes law, when using legal tender gold and silver coins to make a purchase one will still have to pay sales tax on that purchase. The only new tax exemption provided by HB578 is the very narrow one which only affects the exchange of United States minted legal tender gold and silver coins for legal tender paper currency.

The next step for HB578 will be an attempt to amend the bill to correct a few technical issues. This will be done on the floor of the House of Representatives with all seventy members weighing in. If amended, HB578 will next be heard by the entire House again as an amended bill. If the House passes it, the bill goes over to the Senate for a public hearing in committee and then consideration on the Senate floor.

OT UPDATE FROM FELLOW TRAVELER

I've been hard-at-work updating OT's synchronization processes, and its ability to recover from network errors.

Finally the code is at a point where I can check it in again! For a while there I was starting to wonder if there was a light at the end of the tunnel! Look at all the changes I made this time:
https://github.com/FellowTraveler/Open-Transactions/commit/5a5f78905229b0998946abc0b152901894dea691

-- For the technical details about some of the more important changes, see the release notes:
https://github.com/FellowTraveler/Open-Transactions/blob/master/docs/RELEASE-NOTES.txt
-- I completely re-wrote the Java ultra-high-level API (which wraps the OT client API), so that Moneychanger would continue to function. I will continue to tweak this over the next week or two, but at least it's working now.
-- I have NOT (yet) re-written the OTScript version of that same high-level API, which is coming probably in the next release. (Thus, OTScripts may not operate properly until next release.)
-- WARNING DEVELOPERS: The API instructions are now OLD! (The instructions here:)
https://github.com/FellowTraveler/Open-Transactions/wiki/Use-Cases
-- New API instructions will be posted soon. The "proper" way to use OT is now via the ULTRA-HIGH-LEVEL API, which wraps the normal OT API. Feel free to ask any questions.
-- (In most cases, you will NOT want to directly drive the low-level API yourself, although you use some of its calls from time-to-time.)

===> THE GOOD NEWS is that programming with OT is getting A LOT EASIER. Developers using the ULTRA-HIGH-LEVEL OT API will often be able to make a single function call based on the financial action desired (withdraw cash, deposit cheque, market offer, issue currency, etc etc)

-- NO LONGER will developers have to worry about:

...Synchronizing request numbers
...Grabbing fresh transaction numbers
...Tracking sent messages
...Flushing incoming message buffers
...Timeouts, retries, harvesting old messages, etc.

===> INSTEAD, developers will use a much higher-level API which manages all those details for you AUTOMATICALLY! (Already functional in the Moneychanger test-GUI.)
===> This way developers can focus on higher-level functions (again, like: withdraw cash, deposit cheque, market offer, issue currency, etc etc)
===> The other reason I'm making this announcement is because the DATA FORMATS HAVE CHANGED, and I regenerated all the test data again.
===> The OT and Java code seem to be working pretty well so they're both checked-in. As soon as I can get the scripts and documentation updated, I'll post another release.

-- Probably will have more fixes by then. I've already got another optimization in mind that will greatly cut down on the number of receipts being downloaded...

-Fellow Traveler

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MR. BERNANKE GOES TO COLLEGE

by Mr. James Turk
http://www.fgmr.com/

March 21, 2012 – Earlier this week Federal Reserve chairman Ben Bernanke gave a lecture to students at George Washington University. It was the first of a four-part series in a course entitled “The Federal Reserve and Its Role in Today’s Economy.” Interestingly, ZeroHedge notes that in his lecture: “The words Gold and Standard appear more times than Central and Bank”.

The text of the speech is not yet available on the Fed’s website, but Business Insider provides a summary of it. Not mincing any words, and with its extreme religious devotion to today’s fiat currencies all too apparent, Business Insider enthusiastically exclaimed that Mr. Bernanke “just murdered the gold standard”.

Given that sensational headline, I thought it might be useful to present the other side of the story. Here are Business Insider’s comments (in italics) meant to disparage gold, followed by my observations.

Business Insider: “To have a gold standard, you have to go dig up gold in South Africa and put it in a basement in New York. It’s nonsensical.”

We do not live in a perfect world. If we did, we would not need police, central bankers would make the right decisions, and politicians would know not to spend and borrow too much money. But thieves, bad decisions and government overspending and excessive borrowing are facts of life. So we need gold as a natural form of money, the supply of which is determined by the economics of mining. Fortunately, a near-perfect geographic dispersion of this mineral through the earth’s crust prevents an excess supply of gold, with only a handful of historic exceptions where a fleeting bonanza temporarily produced a small surfeit. The result is that gold’s 5000-year record as money is far superior to that of the central planners at the Federal Reserve.

Business Insider: “The gold standard ends up linking everyone’s currencies, causing policy in one country to transmit to another country (sort of how U.S. policy now transmits to China, because they’ve fixed the yuan price to the dollar). So for example, if the U.K. fixes the number of pounds to an ounce of gold, and the U.S. fixes the number of dollars to an ounce of gold, then the pound and the U.S. dollar inadvertently become linked.”

Yes, this is one of the gold standard’s many benefits. In testimony before Congress, Alan Greenspan called this feature the gold standard’s “automaticity”. Capital flowed freely among the gold standard countries based on prudently derived investment decisions that determined where the owners believed their capital would be best rewarded. When the rules of the gold standard were followed, the boom-bust cycle was mitigated. The global financial imbalances that have ballooned over the last few decades and the growing number of “sovereign wealth funds” created by countries with perennial trade surpluses are the result of abandoning the gold standard.

Business Insider: “It creates deflation, as William Jennings Bryan noted. The meaning of the “cross of gold” speech: Because farmers had debts fixed in gold, loss of pricing power in commodities killed them.”

Is deflation a bad thing? We humans benefit from falling prices. Even farmers benefit when they pay less for gasoline and other goods and services. Bryan’s speech at the Democratic National Convention in 1896 was politically motivated and not based on sound economics. His presidential campaign and political aspirations were faltering, so as a sop to the nation’s farmers, he hoped some flashy rhetoric would help his cause. It didn’t, but anti-gold propagandists love to rally around his words anyway. By the way, Bryan wasn't abandoning gold nor advocating fiat currency. He was simply arguing in favour of silver as the monetary standard instead of gold.

Business Insider: "The gold standard tends to cause interest rates to rise during downturns and interest rates to fall during good times, the exact opposite of what monetary policy should be doing."

This comment misstates the mechanics of the gold standard. It would be more accurate to say that interest rates rose purposefully to bring about the downturn, i.e., to end the boom before it got out of hand and created even more misery when the bust finally arrived. The problem of course throughout monetary history is the recurring boom-bust cycles, which are caused by fractional reserve banking, not gold.

Business Insider: "The economy was far more volatile under the gold standard (all the depressions and recessions back in the pre-Fed days)."

Did Bernanke really say that, or is this just some fanciful interpretation by Business Insider? We will wait for the text of the speech to be released, but what about the Fed-engineered Great Depression, the disastrous inflation of the 1970s and the financial collapse the world has been working its way through for the past several years, not to mention the late-1990s stock market bubble and the recent housing bubble? These disruptive monetary upheavals were all worse than pre-Fed days. What's more, average annual economic growth during the classical gold standard was nearly twice that achieved since 1971, when the last remnants of the gold standard were abandoned.

Business Insider: "The only way the gold standard works is if people are convinced that the central bank ONLY cares about maintaining the gold standard. The moment there's a hint of another priority (like falling unemployment) it all falls apart."

This is another unbelievable comment. The purpose of the gold standard was to make sure that there was no other priority because it ensured sound money, which is of critical importance to society. Sound money meant the economy would offer a level playing field for everyone, and not one tilted toward banker or government interests. To further emphasize this important point, here's what Ludwig von Mises said: "It is impossible to grasp the meaning of sound money if one does not realize that it was devised as an instrument for the protection of civil liberties against despotic inroads on the part of governments. Ideologically it belongs in the same class with political constitutions and bills of rights." Similarly, Howard Buffett, father of Wall Street legend Warren Buffett, had this to say: "In a free country the monetary unit rests upon a fixed foundation of gold or gold and silver, independent of the ruling politicians." In short, gold and human liberty are inextricably interlinked.

Business Insider: "Gold standards leave central banks open to speculative runs, since they usually don't hold all the gold."

Exactly. So should we blame gold for this deception that central bank money is not 100% backed? Or should we blame central bankers?

I find it ironic Mr. Bernanke delivered his speech at my alma mater. He is simply re-hashing the same specious rubbish that I learned over forty years ago as I worked toward my degree in international economics. At least he didn't go so far to say what I was taught, namely, that gold would drop to about $7.50 per ounce when the US government stopped "supporting" it at $35 per ounce (the dollar was still defined back then as 13.71 grains of fine gold).

When the gold price started rising – instead of falling – after President Nixon broke the dollar's fixed link to gold, I had the presence of mind to ask myself why gold was not barrelling its way lower to $7.50. As I searched for an answer, I fortunately stumbled across The Theory of Money & Credit by von Mises. Because of its brilliance, I began reading his other books as well as Hayek, Rothbard and the other great scholars of the Austrian School, none of which I even heard of during my college days. It is sad that none of these foundational Austrian School scholars were teaching at GWU back then, but even sadder that statist Keynesian dogma expounded by Mr. Bernanke is still misleading the young minds there today.

Minsk Police Check MMM Pyramid Office

Belarusian Police are to investigate the newly-opened Minsk office of MMM-2011, a new business project by Sergei Mavrodi, the notorious mastermind of the MMM pyramid scheme which robbed millions of Russians in 1994, the Interior Ministry said on Tuesday.

"We have no information if anybodies' rights have been violated yet. We will check [this office] with the financial and tax agencies and banks," said Eduard Nikitin, head of the central economic crimes directorate in the Belarusian Interior Affairs Ministry.

Nikitin said he was sure MMM-2011 was a financial pyramid scheme.

"It is a dummy firm, it has no charter, no founding documents," he said. "This is a [financial] pyramid.

There is no evidence that it runs financial activities to get dividends or interest payments," he added.

Mavrodi's MMM-2011 (the three Russian letters standing for "We Can Do a Lot") uses an online payment system, WebMoney, to allow investors to buy tickets that work like shares, but have no real value. The project's mastermind has promised investors returns of 20-30 percent per month.

A former mathematician, Mavrodi was released from prison in 2007 after serving a sentence for offenses relating to the collapse of the original MMM. He described the new project as a "financial social network."

While his 1994 scheme used an aggressive TV and radio advertising campaign to reel in investors, the new project relies solely on the Internet, a move which many see as a bid to attract Russia's technologically-savvy youth.

Mavrodi's 1994 swindle, which came to be regarded as a symbol of the lawlessness of the chaotic 1990's in Russia, was one of the largest among hundreds of other such schemes in that era. The pyramids took advantage of the ignorance of a nation still learning the basics of a new capitalist system. Ponzi schemes became so commonplace that their prices were quoted on the front pages of newspapers.

According to estimates, the MMM scam attracted between two and five million investors, including a number of high-profile celebrities, who lost around $1.5 billion when it collapsed.
RIA Novosti 13/03/2012

Update 1: "He is broke and in prison for nonpayment of a 1,000-ruble ($33) fine. A Moscow court jailed him for five days on March 14 after he failed to pay the fine, slapped on him for an unspecified administrative offense. A court representative said he faced 10 identical charges."

Update 2: Kyiv, March 15 (Interfax-Ukraine) – Leader of the Ukrainian Internet party Dmytro Holubov said that the founder of the notorious MMM pyramid scheme, Sergei Mavrodi, was arrested on the basis of information obtained by the Ukrainian computer hackers.

"Ukrainian hackers managed to get the passports of Mavrodi, which he wanted to use to move to another country, and also lists of depositors, and totals that were deposited by the members of the pyramid scheme. Soon all these findings could be on the Internet," Holubov said at the press conference at the Interfax agency on Thursday.

According to him, Mavrodi planned to leave the territory of Russia on March 15-16 with another passport under another name. In particular, the Ukrainian hackers managed to get a copy of Mavrodi's Lithuanian passport, with which he probably tried to leave the country. The plans were revealed by correspondence Mavrodi had with embassies of other countries.

"I handled this correspondence and the copies of the original of his Lithuanian passport to the Russian Federal Security Service," Holubov said. He said such actions should prevent Mavrodi from being able to leave Russia.

The Internet party is also going to announce its findings about new depositors in Mavrodi's pyramid scheme, he said.

Holubov said that in Kazakhstan there are about 250 depositors, in the Ukrainian city of Odesa about 3,000, and in Moscow from 12,000 to 15,000 depositors.

"I'll soon gradually post the lists of depositors on the Internet, since in 1994 simple Soviet people became the victims of the pyramid, people who used to trust the television, but in 2011 80% of the depositors in MMM are just greedy people, who decided to do nothing, live at the expense of other people, and parasitize," he said.

Sergei Mavrodi: MINSK, March 13
(RIA Novosti)

Big News

INTERTRADING API PEER REVIEW

-Matthew Slater

I have now designed and implemented (in drupal 7) an API suitable for mutual credit sites to ‘intertrade’. This means that exchanges can coordinate payments into and out of accounts nominated for the purpose of external trade. The API links up mutual credit exchanges into a mutual credit network of mutual credit exchanges. This is unlike normal money because each exchange, just like each user, must vacillate around zero balance within the network.

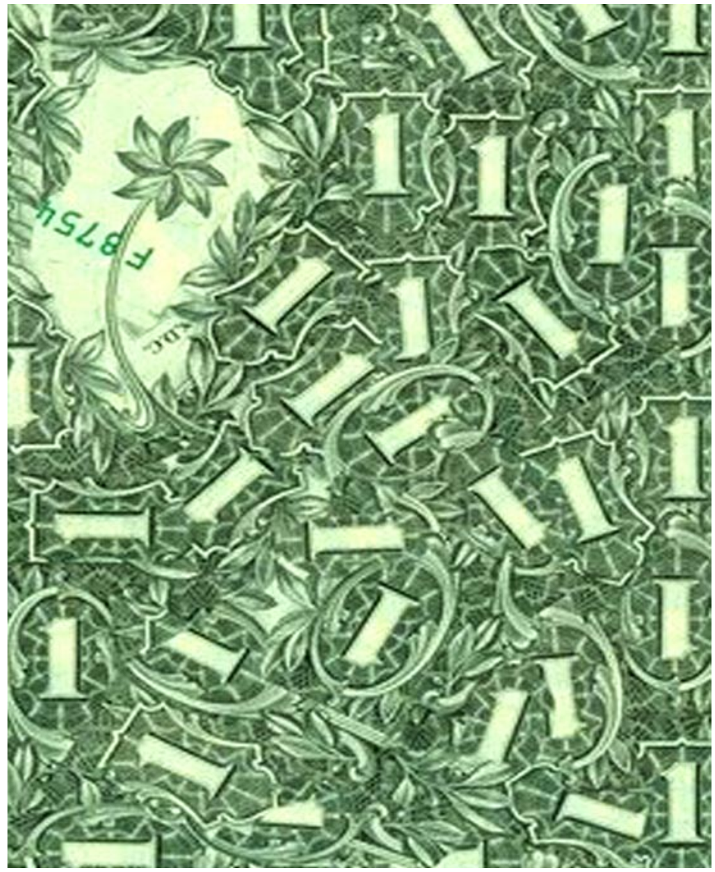
The hardest part was authentication. I was tempted to use the Services module for Drupal though having tried twice before it never seemed to be either completed or documented. Also I wondered if that would make it hard to implement, especially considering the lack of professionals in the sector.

People suggested I use Oauth to authenticate - it is nice and standard, there is even a Drupal module for it, and a drupal services extension for it. But to me it seemed inapropriate. I only wanted each client to log into one server, and Oauth is complicated and we have a shortage of experts in this field!

So in the end I made my own authorisation. Each new account on the server has to be approved by hand. Then the incoming requests are checked for api address, and a secret key, which changes regularly. This is good enough now. In mutual credit nothing is anonymous and all transactions can be rolled back. So saying, I might just not publish the server code.

I’m looking for comments on my API document and its presentation. This is the first time I’ve done this!

http://matslats.net/sites/default/files/intertrading.api_.php_.txt



New top-up opportunities for Turkish WebMoney users

March 2012

WebMoney users in Turkey can now top-up their Z-purses by cash via Turkpay terminals. The purse is loaded immediately. This service is available through more than 100 terminals most of which are in Istanbul and Antalya. This becomes an extension to an existing top-up service, which allows depositing funds to Z-purses by a bank wire to a local bank. The purse is loaded within 2-3 days and a commission is 2 USD.

Anybody Seen Our Gold?

The gold reserves of the United States have not been fully and independently audited for half a century. Now there is proof that those gold reserves and those of other Western nations are being used for the surreptitious manipulation of the international currency, commodity, equity, and bond markets. The objective of this manipulation is to conceal the mismanagement of the U.S. dollar so that it might retain its function as the world's reserve currency. But to suppress the price of gold is to disable the barometer of the international financial system so that all markets may be more easily manipulated. This manipulation has been a primary cause of the catastrophic excesses in the markets that now threaten the whole world. Surreptitious market manipulation by government is leading the world to disaster. We want to expose it and stop it.

Who are we?

We're the Gold Anti-Trust Action Committee Inc., a non-profit, federally tax-exempt civil rights and educational organization formed by people who recognize the necessity of free markets in the monetary metals. For information about GATA, visit http://www.GATA.org

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