DGC Magazine

"Paper is poverty....it is only the ghost of money, and not money itself." - Thomas Jefferson 1788

David Morgan's Interview with Anglo Far East Bullion

Privacy, Extraordinary Governance & International Diversification of clients' Bullion Holdings

"Anglo Far-East..."The original private gold and silver custodian."

February 2009 Digital Edition

THIS MONTH - CLAIRE WOLFE IS BACK WITH 'GOLD ISLAND'

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Editor, Mark Herpel

editor@dgcmagazine.com

Skype IM 'digitalcurrency'

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GoldMoney
where your money is still
worth its weight in gold.
Administrative Headquarters
Net Transactions Limited
12-14 David Place
St. Helier, Jersey
JE2 4TD
Channel Islands (UK)
Tel: +44-1534-511-977
Fax: +44-1534-511-988
http://www.GoldMoney.com
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Revised New Hampshire Gold Money Bill Now Proposed in Indiana

SB453 reintroduces gold and silver as a medium of currency

The Indiana Honest Money Act. Please visit their web at: http://indianahonestmoney.com

The Committee for Indiana Honest Money announced that they have proposed new legislation entitled, "The Indiana Honest Money Act" to the Indiana General Assembly (Jan. 14th).

Indiana Senate Bill 453, picks up where the previous New Hampshire "Gold Money Bill" Left Off…

SB453 reintroduces gold and silver as a medium of currency, establishes criteria for species exchange, species vault and digital/electronic currency providers; and jumpstarts the process by requiring the State to collect tobacco taxes and revenues in digital gold currency, and to make available digital gold currency as a payment option both to and from the state. The bill marries the time proven security and economic independence of gold and silver with modern banking technology, providing ready access to a competing currency that protects from inflation and guarantees economic liberty. The digital currency industry is a rapidly growing industry that is international in scope, providing a 'non-fractional' sound money solution for those seeking an alternative to fiat currencies.

The bill was submitted by Senator Greg Walker of District 41, (R-Columbus) and has been assigned to the Senate Tax and Fiscal Committee for reading, review and consideration. Senate Bill 453 (SB453) specifically adds: "ARTICLE (4-) 8.3. GOLD AND SILVER COIN AND ELECTRONIC CURRENCY". This legislation would allow Indiana to offer its citizens a choice of Gold (and Silver) coin or the Electronic equivalent in payable and receivable transactions with the state.

This bold bill will finally bring Indiana back into conformance with the Constitution for the United States of America which states "No state shall…make any thing but gold and silver Coin a Tender in Payment of Debts…" Article 1, Section 10.

Mr. James Turk, Founder of GoldMoney.com had this to say about the bill on his web site.

If enacted, the bill offers citizens of Indiana a choice of gold and silver coin or an electronic equivalent to conduct their monetary transactions with the state. By doing so, the bill will bring Indiana into compliance with Article 1, Section 10 of the Constitution which states: "No state shall…make any Thing but gold and silver Coin a Tender in Payment of Debts…" It will enable individuals and the state of Indiana to lawfully transact with one another in a constitutional currency.

The Indiana Honest Money Act will be voluntary for citizens, but mandatory for certain businesses. For example, the cigarette industry will be required to pay taxes to the state in gold or silver, which will allow Indiana to fund its Treasury with enough gold or silver to ensure that there is sufficient metal in circulation and available for transactions.

As is consistent with the New Hampshire legislation, the use of precious metal is not intended to replace present US currency, namely, Federal Reserve Notes. Instead it enables the circulation of a competing currency, but it is one that complies in all respects with Constitutional mandates.

New Hampshire tried, with no success, to get the same "Gold Money bill" passed back in 2003 - 2005. (http://www.goldmoneybill.org/)

New Hampshire Rep. Henry W. McElroy filed an amended final version of the Gold Money bill on Monday, October 4, 2004 for the 2004/2005 session of the New Hampshire General Court. This final version of the New Hampshire Bill was called, "Gold and Silver Coin and Electronic Currency".

While the bill did not pass, that legislation helped to focus on the digital currency aspect of using Gold (and Silver) by the State of New Hampshire and its Inhabitants and their transactions with each other. That bill and the work done in preparing and revising the document laid the ground work for today's Indiana bill. Since the current Indiana Bill was constructed from the original New Hampshire document, it contains much of the same language. It was first drafted by Edwin Vieira Jr., Ph.D., J.D., Manassas, Virginia. The www.fame.com web site offered this detailed bio.

Edwin Vieira, Jr., holds four degrees from Harvard: A.B. (Harvard College), A.M. and Ph.D. (Harvard Graduate School of Arts and Sciences), and J.D. (Harvard Law School). For more than thirty years he has practiced law, with emphasis on constitutional issues. In the Supreme Court of the United States he successfully argued or briefed the cases leading to the landmark decisions Abood v. Detroit Board of Education, Chicago Teachers Union v. Hudson, and Communications Workers of America v. Beck, which established constitutional and statutory limitations on the uses to which labor unions, in both the private and the public sectors, may apply fees extracted from nonunion workers as a condition of their employment. He has written numerous monographs and articles in scholarly journals, and lectured throughout the county. His most recent work on money and banking is the two-volume Pieces of Eight: The Monetary Powers and Disabilities of the United States Constitution (2002), the most comprehensive study in existence of American monetary law and history viewed from a constitutional perspective. www.piecesofeight.us He is also the co-author (under a nom de plume) of the political novel CRA$HMAKER: A Federal Affaire (2000), a not-so-fictional story of an engineered crash of the Federal Reserve System, and the political upheaval it causes. www.crashmaker.com His latest book is: How To Dethrone the Imperial Judiciary. Dr. Vieira's writings on the subject can be found at: http://newswithviews.com/Vieira/edwinA.htm

Senator Walker can be contacted via his Legislative Assistant , Dana Carter, at 317-232-9984 or 800-382-9467

The bill and its status can be found at: http://www.in.gov/apps/lsa/session/billwatch/billinfo?year=2009&session=1&request=getBill&docno=453

MLAT:
Mutual Legal Assistance Treaty with Malaysia Now in Effect

MLAT Now In Effect Between US and Malaysia

Blog for Law Offices of Linda Friedman Ramirez recently posted this item on a new MLAT.

Malaysia press reports the signing of a United States Malaysia Mutual Legal Assistance Treaty on January 21, 2009.

"A treaty which allows Malaysia and the United States to work together to fight a wide range of crimes from money laundering to terrorism will come into effect today. Under the Mutual Legal Assistance in Criminal Matters Treaty (MLAT), the authorities of both countries will be able to assist each other in obtaining evidence, serving documents, executing searches and seizures, locating and identifying criminals and crime sites, and freezing and forfeiting assets.

The document exchange took place at the US State Department in Washington DC yesterday between Charge d'Affaires Ilango Karuppannan and US Assistant Secretary of State for East Asia and Pacific Affairs Christopher Hill. "It is indeed befitting that this ceremony is being held on the first day of the new US administration," Ilango said. He said this symbolised a new beginning in Malaysia-US relations. "Among the agencies which would be involved within the MLAT framework are the police, Immigration, Customs as well as other bodies such as the Central Bank and the Federal Bureau of Investigation," Ilango said."

Linda Friedman Ramirez is an international criminal and extradition attorney -- Since 1981 International and Federal Criminal Defense (727) 551-0751 St. Petersburg, Florida * Email Attorney at: lindaramirezatty@live.com;
www.spanishlaw.com

Blog:
http://obtainingforeignevidence.blogspot.com


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دينار

Isle of Babel

or

What You Can Spend on Gold Island

By Claire Wolfe

Once again reporting from the near future and from that fabulous floating center of commerce somewhere on the ocean ...

I closed the cash drawer on a proliferating polyglot of currencies, thanked the buyer, handed him his bag of souvenirs, and sent him on his way. He exited the little shop a happy customer and went on about his no-doubt more serious Gold Island business.

Then, peeking to ensure that neither boss nor another shopper was entering the little store, I slipped the drawer open again and admired its contents.

Wow. I never saw so many different kinds of money in one place. There were fat gold Rothbards, sleek silver Liberties, and even a few tiny graceful copper Divas. There were Goldoons and Silverinos, Half Hours, Hayeks, SeaBux, Bronx Cheers, Emir8s, Humboldts, and even a few ordinary old Swiss Francs.

You might ask how one little souvenir shop could accept and keep track of so many different currencies. Actually, though, its pretty easy.

One compartment each for silver ounces and halves. One for gold halves, quarters, and tenths. One for copper … well, you get the idea. Once you stop thinking of it as this currency or that and measured it its metal worth, it was all simple. Well, except for the currencies that complicate things by being delineated in grams.

But easy or complicated, it was plenty impressive to a girl who grew up on an unnourishingly monotonous diet of wrinkly green Federal Reserve Notes, spiced only by bland pot-metal coins.

But what was I doing here, you might ask? (Assuming you care.) What was I doing working in a souvenir shop on Gold Island? Am I not supposed to be a writer?

Well, yes. But after coming to the marvelous manmade floating commerce center for a transaction a few months back, I got the gold bug. I really wanted to stay and get a better look at how everything here worked. Without much money, I had precious few ways to do that. That meant – uh oh – a job.

So, with some … ahem, careful editing of my resume (that is, I failed to mention that the last time I sold stuff to the public, aged 18, I got fired from the Dairy Belle for throwing a banana split in the boss' ugly face), I managed to get a clerk's position here at the Shoppe & Au.

Yeah, after years of striving for success, I was … a shopgirl.

But what a shop. And what an amazingly beautiful babel of cash.

Spotting a hand-holding couple ambling along the plaza in the general direction of Shoppe & Au, I curbed my drooling and discreetly slid the cash drawer shut.

You could tell … you could tell just by casually glimpsing them, that these customers (for yes, they were headed here to our not-so-humble Shoppe) weren't going to pay with jingly stuff. These were the sorts of people who Never Carried Cash, and did so in capital letters. It would be e-payments only, and not merely with some platinum-colored card, but from an account denominated in platinum. Or oil. Or diamonds. Or who knew what.

They were clearly members of that class sometimes known as The Beautiful People. That is, *she* was beautiful. *He* looked like a tree sloth walking on its hind legs. But even I could see that he had what it took to make him "beautiful" in her eyes and the eyes of much of the world.

Such people were a rarity in a global economy still recovering from a cascading series of economic shocks, a world where it had become fashionable to downplay

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one's wealth and pooh pooh one's possessions. But here on Gold Island the wealthy were common and unashamed.

Sure enough, they came in. They browsed. She cooed over a kaleidoscope filled with gold, silver, and crystal baubles. He pursed his lips over the special 22k Gold Island commemorative Rolex. She got a little giddy over a thong woven with real gold, silver, and copper threads – and so did he for that matter. They put their heads together and giggled loverishly at … well, an item I'd best not describe in a family magazine, except to say that in other parts of the planet such objects are usually made with rubber, not precious metals. (See, I told you this wasn't the sort of souvenir shop where you buy tee-shirts saying your granny came to Gold Island and got you only this crummy tee-shirt.)

Those two bought a boatload of stuff. And they transacted their transaction with a few taps on a screen which revealed absolutely nothing to my cat-curious self about their "home" currency. All I know is that several ounces came into Shoppe & Au's account from a numbered account … somewhere.

Whether their "home" currency was Silver Stars, All-Arabias, Petro-Gelt, CelticTorcs, or Cannabeans I would never have the fun of knowing. I only knew my boss had been paid in electronic gold, and that somewhere, either actual bits of metal or the accounting for them would move from there to here in mysterious ways.

Now, you might think that all of this taking of strange monies willy nilly is confusing and risky. But really, not so. It's certainly less risky than accepting … say, credit default swaps, Fannie Mae stock, Federal Reserve Notes, or Bernard Madoff's sterling reputation.

And with the E=Money Matrix now online worldwide, well …

But you know, I'm getting ahead of myself. I can't talk about the E=Money Matrix without talking about community currencies. So let me back up a bit and do that.

It's kind of ironic. The current global babel of private and alternative currencies actually started with people who never intended their "money" to be useful outside the borders of their very own city or small town. Far from imagining themselves as founding fathers of a global money grid, they wanted to get *out* of and protect themselves from the global FRN-based grid that existed back then. Back before the Great Crash, I mean.

So they went out and created local currencies like Ithaca Hours or BerkShares with the main purpose of getting their local carpenters to buy from their local farmers, who would in turn buy from their local veterinarians who would in turn not buy so much, so the currency-creators hoped, from Wal-Mart or McDonalds or Monsanto.

Many of them were dreamy left-wingers who wouldn't know Ludwig von Mises if they stepped on his foot and would fall asleep or maybe even become outraged as soon as words like "convertible currency" or "gold-backed" entered the discussion.

In turn, plenty of libertarians, Austrian-economics buffs, and advocates of sound money sometimes got outraged the moment community currency was mentioned. They sneered at what they perceived as the high-handedness, economic ignorance, and and short-sightedness of the "localvores."

Who knew how nicely the twain would eventually meet?

Let me go back even further in time for a second. The notion of a local or community currency might, for all I know, have originated in the cave-dwelling days. Or at least the days of the first agricultural settlements. Before there were central banks and departments of the treasury, people still needed a medium of exchange, something that would enable them to go beyond crude barter. Parties had to mutually agree on something they could trade with. No doubt a lot of substances first filled that role -- pebbles, seashells, clay tablets, cloth -- who knows? Whatever worked.

Soon after getting the "medium of exchange" bit down, there also came the "store of wealth" function that money also fulfills. And while it's theoretically possible for "store of wealth" money to remain local -- Yappese stone currency being a prime, if rather weighty, example -- that's one place where strictly local currencies start to break down. Being a millionaire in seashells, rocks, feathers, or colored beads might be just dandy -- if you didn't turn into a pauper the moment you left your home tribe or territory.

Unfortunately, you probably did.

But when they settled on small, transportable, sufficiently rare, relatively easy to identify precious metals, people everywhere had a medium of exchange *and* a store of value they could agree upon.

So far, so good (unless the coins got clipped by private sharks or debased by government ones; but that's another story). But with a strong, agreed-upon medium and store, who needed local currency any more? Mostly, they died out.

Then (we're skipping a few centuries here) came the twentieth century with that bizarrest of bizarre anomalies, the "strong, agreed-upon medium" made out of paper and backed by absolutely nothing but ... faith. Faith in *government*, if you can believe it! Faith in corrupt, secretive, economic prestidigitating *central bankers*. Oh man. Whatever were we thinking?

Well, I guess it was good (for somebody). For a while. Not as reliable a currencies as feathers or seashells in the long run. But great stuff while it lasted.

But with *that* kind of exchange medium, money took on a couple of functions it never really ought to have had: a) exceptionally good tool for bubble speculations, b) enabler of various inflationary Ponzi schemes, and c) tool of empire building (with both political and commercial empires as closely entwined as a pair of contortionists making the two-backed beast).

Empires, though they may make great miniseries and history books, Aren't Nice. And while you could count the myriad ways they aren't nice and go on counting until the entire universe of stars burned out, one of the ways in which empires are so Not Nice is that they suck power and wealth from here, there, and everywhere and centralize it in the hands of a few. Oh yes, at first they give back in the form of infusions of money and shiny new goods to the hinterlands. But eventually, as the empire calcifies, then begins to weaken, it just sucks, all one way.

At that point, even before most people understood that they were living in the colonies of a vast political-corporatist empire, modern local currencies started up as a sort of self defense -- a means (so their creators saw it) of keeping the sucking power of centralization from getting out of hand.

But heck, at first most local currencies were just paper, too -- even though they might be paper backed by an hour of time, entitling the bearer to an hour's worth of ... something or another. But only within the borders of Podunkville or Exurbia.

So how on earth did those hopeful little local currencies get from there to ... well, everywhere, including Gold Island?

It all started, as so many things do, with the Internet. And it got a boost, as so many things did, from the Great Crash of Ought-Whatever.

As the FRN-built empires wobbled, as jobs shriveled away and businesses shuttered their windows, as deflation preceded hyperinflation, and hyperinflation eventually turned paper money into a topic of late-night comedians' Top 10 lists, more people in more cities, towns, counties, and regions started up local currencies, just to keep their world alive.

I mean, if a whole town full of people doesn't have any money, but it still has skilled people and the same old needs for folks to eat, get the plumbing fixed, and fuel up the family sedan ... what else are you going to do? Suddenly, local currencies make a lot more sense. They weren't just for idealists any more.

But if many local currencies began with (you'll pardon the expression) liberal air-heads, it was hard-headed libertarians (and free-market anarchists, and just-plain savvy hard-money advocates) who took the steps that enabled currencies to be both local and transcendent.

The process required just two steps -- although those two took a lot of time.

First, back your newly created currency with something tangible, preferably a precious metal. Second, build an online exchange system -- or a number of them -- where Seattle's SeaBux could be measured against and automatically converted to Tacoma's Aromas, where Cheyenne's Windollars could be swapped with Chicago's even windier Windollars, and ultimately where the local currencies of Marseilles, Shanghai, Rotorua, Capetown, Thunder Bay, and McMurdo Station could all be measured and exchanged with each other.

Sounds simple. But at first, frankly, it was a mess. Back in 2009 or thereabouts, when all this was just beginning to get seriously started, there were about 10 bazillion theories of how a currency should be constructed. Should it be interest-bearing or should it carry a demurrage charge? How should the makers of the currency be compensated for their efforts without the users of the currency getting screwed? Should the metal backing be 100 percent or some lesser

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percentage? Yada yada yada.

And oh my gosh, you should have seen the early Internet sites attempting to create the linkages that would ultimately make a thousand disparate currencies convertible. Well, maybe you did see those sites, if you're the sort of person who reads this magazine. I'm talking about sites like loom.cc -- a marvel of technical complexity for developers and technoids, but a great mystery to ... well, me.

But that's how the world works, isn't it? The technoids march on, often a number of steps ahead of the rest of us. And march they did, including the publisher of this very magazine, who was involved in many hard-currency efforts and the overall effort to create links between them.

And finally, they produced a system -- actually multiple, interlinking, redundant systems -- that made sense to the rest of us and enabled that hand-holding pair of Beautiful People to waltz into a Shoppe on Gold Island without the slightest heed for technical complexities or currency exchanges.

The system has become completely transparent to its users (even if remaining technically opaque to we non-tech folk). So no matter if you're paid in Sesterces or Cistercians, Rands or Corona, Oros or Aggies, you can spend where you wish without trouble -- and without any more data trail than you care to leave. Conversions are handled automatically, whether you're paying in jingle-jangly stuff or e-money.

Of course, *some* local currencies opted to stay strictly local, using scrip backed only by local labor. And so be it; there's a place for that in the world, too. And of course there are still *thousands* of mostly incompatible theories on how money should actually work; that's just the way we humans are. But oh my, there are also thousands of currencies now, all flowing hither, thither, and yon with happy abandon -- and all convertible to nice, sane, easy metal measures. There are even a couple of national currencies floating around in this happy system -- like the Swiss Francs I mentioned earlier, which got in after the Swiss came to their senses and realized a gold-backed currency was the only sensible solution to support their famous national stock-in-trade.

It's anything goes -- almost.

But even now there are limits. Would you believe we had a customer in here the other day -- a tourist just off the boat, from the look of him -- *who actually tried to pay in U.S. dollars -- in FRNs?*

I looked at the handful of $100 trillion bills he offered in exchange for our sterling silver travel mug (with "Welcome to Gold Island" on it in 22k gold relief) on it and I laughed my head off. I put the mug back on the shelf. Then I handed the poor guy a couple of copper Divas and a Silver Star from my own pocket so he could at least get himself a decent lunch while he figured out how he was going to survive in this new world.

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For more information on community currencies

Main Street Cash
News about community currencies
www.mainstreetcash.org/

Article Archive
A sort of Digg for articles on local money
www.mainstreetcash.org/articles/

"It's Like Money, but with No Dead Presidents"
Skeptical Slate article
www.slate.com/id/2190116/

Depression Scrip
Local money as used during the 1930s
www.depressionscrip.com/

Modern Local Scrip
A list of many local currencies, ca 2009, with links to their websites
www.depressionscrip.com/modern/index.html

Ithaca Hours
One of the oldest and best established local currencies
www.ithacahours.com/

When It Comes to Cash, A Thai Village Says, 'Baht, Humbug!'
Wall Street Journal article about one answer to hard times
online.wsj.com/article/SB123128312320458913.html

The Rule Of Law: Long Dead

It is established by authority of the divine law that the prince is subject to the law and to justice.
-- John of Salisbury, 1159 A.D.

Quite a few modern Westerners complain about the Rule of Law whithering. Normally, they say this while complaining about things like warrant-less searches or the use of procedural tricks to evade habeus corpus. They are right to complain, of course, but they are wrong about the Rule of Law – that died a long, long time ago.

Certainly some aspects of law remain, but the days of law actually "ruling" ended long before any of us were born.

WHEN LAW WAS SOVEREIGN

The root formulation of the Rule of Law is expressed in the opening quote above. The crucial aspect of the formulation was that the law was sovereign. It was *above the king*.

This formula spread through the West, slowly and in different forms, but especially as the common law of England. Here are two English examples of the development there:

When Henry I proclaimed his *Charter of Liberties* in 1100, he said that things ought to be done "through force of law and custom," or "in a lawful manner," or that "were lawfully made." Henry is clearly accepting the formulation that even the king is subject to the law.

Article 39 of the Magna Carta (1215 version) read, "No free man shall be taken, or imprisoned or dispossessed, or outlawed, or banished, nor will we go upon him, nor send upon him, except by the legal judgment of his peers or by the law of the land." The ultimate arbiter was not the king, but "the law of the land," which was the common law.
It is fascinating that other rulers noticed the wording of Magna Carta, and did not like it. They recognized that it formalized the king being in subjection to the people's law. Once news of Magna Carta reached Pope Innocent III (two months later), he immediately issued a bull (a papal decree) against it, calling it "a shame for England," and saying: *We utterly reprobate and condemn any agreement of this kind, forbidding, under ban of our anathema, the aforesaid king to presume to observe it.*

This is what the Rule of Law was, and it clearly set the law above the ruler: It recognized law as the seat of sovereignty. If you consider this for a few moments, you can see how it contributed to liberty: So long as they kept the law – which was reasonable, more or less generated by the people, and very stable – ever man was free to do as he wished, with his liberties protected.

AND LAW CHANGED

In order to understand this properly, you must remember that *there were no legislatures when the Rule of Law originated.* Kings and princes ruled. Legislation was not "law" at that time.

Legislation is a modern invention. It barely existed under the rule of kings and princes. It was not until legislative bodies such as a Parliament or Congress were instituted that legislation arose. These edicts of ruling groups slowly displaced the findings of judges as "law;" not because they were morally or practically superior, but because they were more directly backed by force, and because legislatures were better legitimized than judges. Legislators were elected by the people; judges were merely appointed.

When law became legislation, however, the old Rule of Law formula was ruined. Legislatures were promoted to a position *above* the law. They were not *subject* to the law – they *created* the law. Worse, they could change the law however they saw fit.

This was nothing less than a re-conquest. From roughly 1200-1800, rulers in the west were subservient to the law. From roughly 1800 onward, groups of rulers made the law and were superior to it. "The law" became something wholly different than what it had been. Sovereignty was transferred.

During the 19th Century, this change caused fairly little trouble, for two primary reasons: The first was that the common law remained and continued to be held in high esteem in both the United States and in

Britain. Even though new, different laws could be passed, the common law remained as a reference. Secondly, legislation was a slow and difficult process. Law-makers arrived at the state house on horseback and had to return home for long periods. Legislatures would frequently meet for only weeks at a time, and only a few times per year.

Modern transportation and large government operations changed that, however. Since the beginning of the 20th Century, legislators have spent extended periods in their various capitals and have begun measuring their effectiveness by the numbers of laws they have passed. So, by the middle of the 20th Century, the process was mostly complete and rulers were no longer effectively subject to the law.

Six hundred years of kings in subjection to the law were over. The rulers had taken back their power and retained their legitimacy. So long as people believed in the democratic process, the law-makers were sovereign without challenge.

We are right to complain about violations of the law that remains – they are travesties. But we err when we imply that the Rule of Law still exists at all – it does not. Once law became legislation and could be changed at will by legislatures, the Rule of Law was over.

Western Civilization has been on a downward slide ever since.

This article is excerpted from Paul's upcoming book, *The Rise & Fall Of Western Civilization*. You can find his work at www.veraverba.com

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THE NEO-ALCHEMY OF THE FEDERAL RESERVE

from Texas Straight Talk
A weekly column by Dr. Ron Paul

As the printing presses for the bailouts run at full speed, those in power are no longer even pretending that the new giveaways will fix our problems. Now that we are used to rewarding failure with taxpayer-funded bailouts, we are being told that this is "just a start," more funds will inevitably be needed for more industries, and that things would be much worse had we done nothing.

The updated total bailout commitments add up to over $8 trillion now. This translates into a monetary base increase of 75 percent over the last two months. This money does not come from some rainy day fund tucked away in the budget somewhere – it is created from thin air, and devalues every dollar in circulation. Dumping money on an economy, as they have been doing, is not the same as dumping wealth. In fact, it has quite the opposite effect.

One key attribute that gives money value is scarcity. If something that is used as money becomes too plentiful, it loses value. That is how inflation and hyperinflation happens. Giving a central bank the power to create fiat money out of thin air creates the tremendous risk of eventual hyperinflation. Most of the founding fathers did not want a central bank. Having just experienced the hyperinflation of the Continental dollar, they understood the power and the temptations inherent in that type of system. It gives one entity far too much power to control and destabilize the economy.

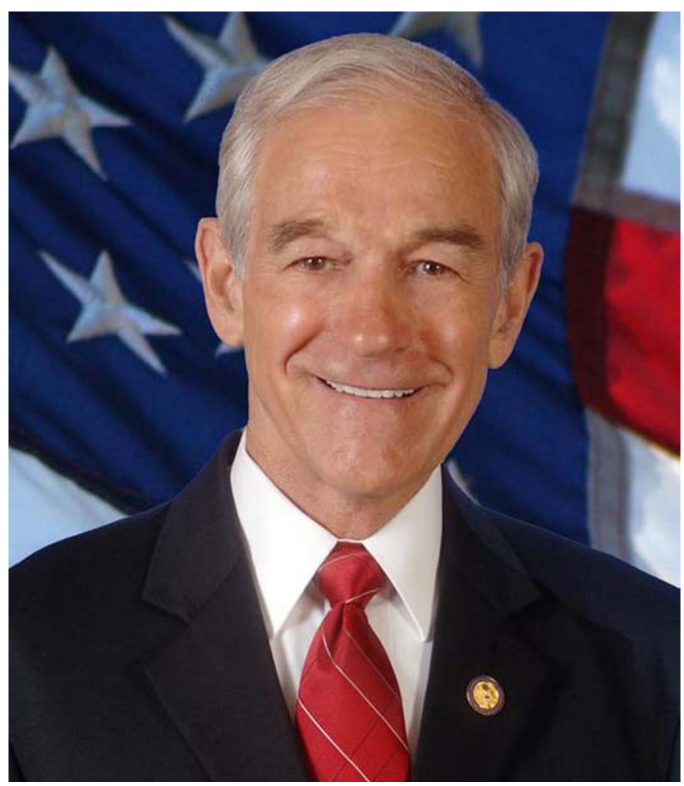
Our central bankers have had a tremendous amount of hubris over the years, believing that they could actually manage a paper money system in such a way as to replicate the behavior and benefits of a gold standard. In fact, back in 2004 then Fed Chairman Alan Greenspan told me as much. People talk about toxic assets, but the real toxicity in our economy comes from the neo-alchemy practiced by the Federal Reserve System. Just as alchemists of the past frequently poisoned themselves with the lead or mercury they were trying to turn to gold, today's bankers are poisoning the economy with accelerated fiat money creation.

Throughout the ages, gold has stood the test of time as a consistently reliable medium of exchange, and has frequently been referred to as "God's money", as only God can make more of it. Seeking superhuman power over money in the way alchemists did in ancient times caused society to shun them as charlatans. In much the same way, free people today should be sending the message that this power and control over our money is no longer acceptable.

The irony is that even had the ancient practice of alchemy been successful, and gold was suddenly, magically made abundant, alchemists still would have failed to create real wealth. Creating gold from lead would have cheapened its status to that of rhinestones or cubic zirconia. It is unnatural and dangerous for paper to be considered as precious as a precious metal. Our fiat currency system is crumbling and coming to an end, as all fiat currencies eventually do.

Congress should reject the central bank as a failure for its manipulations of money that have brought our economy to its knees. I am hoping that in the 111th Congress my legislation to abolish the Federal Reserve System gains traction so that the central bank can no longer destroy our money.

Posted by Ron Paul (12-01-2008)
http://www.house.gov



Apocalypse Now

Inflation. Deflation. Inflation. Deflation. Inflation. Deflation. . . . Back and forth we go as the carousel of experts debate unendingly about whether or not the U.S.S. Armageddon is facing a northerly or southerly economic wind. Meanwhile, all hands on deck are getting sea sick.

Since GoldandSilverNow.com launched in early November, I've spent long hours on the telephone with people from across this nation. The truth is, ordinary folks aren't talking about inflation or deflation. The words are: Desperation. Starvation. Migration. Depravation. Damnation . . . Obamanation. Chem Trail Nation. FEMA Concentration.

One gentleman this week asked me why I wasn't selling the world's most valuable commodity: food.

Another gentleman told me I needed to add a third precious metal to my website: lead.

One guy spent thirty minutes touting the importance of buying solar panels - NOW!

Read that again. Forget technical analyses and fundamentals. People are going long on the Second Coming. Why are the premiums on gold coins smaller, by percentage, than silver (7-8% compared to 30-50%)? Why are the premiums on 100 oz bars dwindling (down from 20% in October to around 10% or less)? One reason is that the folks who work fifty hours per week to scrape together a little savings are investing in one ounce silver rounds. Why? Because they want to barter in the bread line, obviously.

As crazy as it sounds, even to the people who find themselves trading in 401ks for Sunshine rounds, the fear of mass calamity is beginning to catch fire in Suburbia. These are genuine, honest, normal people - not big banks or billion dollar investors. They're not conspiracy theorists either. They are grandmothers and small businessmen, teamsters and restaurant owners, academics and blue collars of every make, model, and variety. They are from Maine and California and everywhere in between. Conservatives and liberals alike. It is a growing group of Americans who fear it is Apocalypse Now. How do you spell panic? U-S-A. And it is just the very beginning.

Most buyers are first timers. They aren't Kitco junkies or newsletter subscribers. They come from all directions, but mostly from the Thanksgiving table where their brothers- and fathers-in-law put the hard sell on gold, silver, and the Rapture. They make up the "popular" market, and they are being introduced to physical metal through bestselling books and word of mouth. This is no longer your father's bullion marketplace. The word is hitting the street - Main Street.

The big guys are beginning to hit the bandwagon too - the millionaires who let overpaid wealth managers ride their net worth down The Flume. They are gold and silver novices, real estate developers and corporate honchos who are just beginning to understand that negotiating ten cents on a premium matters little when the spot price jumps fifty cents in a day. And they are beginning to buy in a big way, whether the COMEX price reflects that or not.

In light of the overriding fear, the most common question is: "why are investors selling?!" Why? Because people are losing their jobs and can't pay the second mortgage. Because investors sniff Foreign Exchange Controls and they are getting their (ass)ets out of the country. Because of arbitrage opportunities. Lots of reasons . . . but no one I speak to is selling short on economic catastrophe. That much is almost a given. The only question is: how bad will it be?

Inflation, deflation, tribulation. Whatever the case, it all sounds pretty bleak. I'll see you in the bread line, and I'll be bringing silver.

Til next time, that's my Saab Story . . .

Tarek Saab
tarek@goldandsilvernow.com

David Morgan Interviews Anglo Far East Bullion

David Morgan has followed the silver market daily for more than thirty years. Much of his Web site, www.silver-investor.com, is devoted to education about the precious metals.

Philip Judge: I'm Philip Judge, founding director of Anglo. Also on the call with us are Simon Heapes, another director, and Alex Stanczyk, who heads up broker/dealer relationships as well.

David Morgan: Would you give us some background on the company, please?

Judge: Thanks, David. To look at Anglo today in 2008 in these interesting markets we're in, really is the result of probably 20 or more years of development within what have been tricky markets. I guess all your readers would agree with the tricky markets part, David. In the 1990s, my business partner at the time (also a founding director of Anglo) and I were traveling the world and meeting with some forward-looking, sophisticated investors, high net worth investors, who were starting to sense a change in the economic season we were in—the greed cycle in the '90s. This has definitely played out, of course, right through to the day we're now in.

Some of the more forward-thinking people were starting to wake up to silver and gold again and starting to try to get a feel for the markets. In those days we were selling privately issued coinage. Also, we were meeting clients who were looking for a more liquid way to earn and hold large amounts of gold and silver. These clients were also nervous about holding large amounts of bullion within their countries. I am talking about North America, Central and Western Europe, and places like Southeast Asia and Australia.

So we set about setting up a facility where we privately took delivery of physical bullion bars and independently vaulted them in a non-bank vaulting facility. Also, we paid special attention to providing a chain of integrity in terms of the auditing of this bullion and the long-term storage of it. The key here is that it was outside of the normal bullion banking industry.

Today we have a facility in Kloten, Zurich, which is housing large amounts of gold and silver. This is independently audited and independently insured through Lloyds of London underwriter. We are providing private allocated bullion bar accounts to our clients from around the world.

Now we set this facility up at a time where we were the first people doing it. And the reason we did that of course was to provide geopolitical and international diversification, but a key factor was that our bullion holding facility was outside of the larger bullion banking industry. We have been in business doing this since 1991.

Morgan: Did you foresee when you started that

there were some issues with any of the certificate programs? Or maybe a holding facility that was on a non-segregated basis? In other words, was there any impetus to get you to move into the format that you have?

Judge: Precisely. We set up bullion accounts with some refiners and bullion banks. We started accumulating some metal positions. We wanted to try to get a definition of how that metal was being held. I'm talking about the years of 1995 and 1996. At that time, at least on the Internet, there wasn't a lot of information in the public domain about non-segregated versus segregated, unallocated versus allocated accounts.

So we started to ask some questions. *"What does it really mean when the fine print says that you may use the precious metals on our account, you're the owner and you may trade with it and deal with it as you want? And yet, it is ours? Where is the risk? How is that physical bullion actually being held? Is it refinery inventory or what is it, actually?"*

In this process we started to come up with answers that we were NOT looking for. In fact many times the very specific questions we were asking simply weren't being answered at all. By around 1997, it was becoming clearer within the public domain that there were these physical short positions that existed on the balance sheets of some of these larger bullion banks. At that time we had really managed to prove to ourselves that we'd taken the right direction in doing something that was independent and separate all together from the larger industry service providers.

Morgan: My next question deals with the Patriot Act of the United States. And there's a lot of misunderstanding about this. But what is your perspective on a U.S. citizen wishing to participate in the Anglo Far East Company?

Judge: We are providing a facility for international clients. I must say at this point, David, that we are very, very thorough in the due diligence of our clients. However, we're not providing information about our clients to thirdparty regulatory authorities in different parts of the world. We have a very strict internal policy in terms of the kind of information we require, the true identification of our clients, their source and origin of funds, and so on.

So we do have a high internal policy in terms of maintaining these records. However, we're not doing that to meet with a third-party governmental or regulatory environment. We're simply doing it from an internal perspective.

Morgan: So if anybody from basically around the world wants to open an account, they're free to do so as far as you're concerned?

Judge: Providing they supply us with the information that is required to satisfy us in terms of who we're really dealing with. So, you'd be familiar with the normal financial institutional requirements in terms of understanding who the actual account party is—who is opening that account. Typically we are looking for forms of ID that would be issued by a government, such as a passport, or a license issued by a government, and so on.

Morgan: I understand. So right now there is no restriction on U.S. citizens moving money to different jurisdictions. That may change, but at this current time, it's my understanding that there are no restrictions. So I would just advise any of the readers of The Morgan Report to do their own due diligence.

I'd like to move on to another issue we have. We've got readers in 72 countries around the globe. Roughly 50 percent are in the United States and approximately 38 percent are in Canada. And then it's sprinkled around the world. In several jurisdictions, there's a value added tax problem, you might call it, through most of Europe. And it varies as high as, I think, 17½ percent on silver in the United Kingdom. I believe it's 7 or 8 percent in some of the Eastern European countries. How does that affect a client of Anglo Far East?

Judge: Because the bullion is held within a custodial arrangement within a bonded facility, at this point there is no VAT paid on the transaction. We do charge front fees, of course, which include insurance and the bailment process. However, VAT doesn't apply until such time as someone wants to take physical possession or physical delivery. Then there will be a VAT applied. Typically if that release into safe custody of a client happens within Switzerland, I think it's about a 7½ percent VAT. But, if not, if it's being shipped, it's shipped less VAT into the jurisdiction where that person is going to take delivery. The client will also pay local VAT within that jurisdiction as it applies to their local area.

Morgan: Can you give me an example of a typical client? Of course we'll keep it anonymous. But, for an example, is it perhaps 90 percent of the clientele who do not take physical delivery? I'm just trying to

get a feel for the ratio of people who want physical delivery versus people who might cash out and have money wired.

Judge: This facility was originally set up to provide a means for the higher net worth, more sophisticated individual, along with clients of a forward-thinking mindset. It was very important to have liquidity within our system. So on a typical day, we can have quite a large client want to liquidate back into cash, or cash into metal. We have the facility to do that.

That was a very important consideration. Because where we came from, we were actually providing physical bullion and shipping it to people. Again, we were starting to sense a real need for something that provided a greater liquidity and less hassle in terms of a large quantity of bullion. So, I guess it's very much like a trading or a brokerage account in the sense that while you may have allocated bars on account, the client may decide to liquidate several of those allocated bars on a given day. And we have the facility and the liquidity within our system to do that within a 24-hour period. Of course, there are transaction fees that apply.

The advantage is, while you've got an allocated account, liquidity is there. This is a very important consideration for many people.

Morgan: Oh absolutely. Let's say you had a hedge fund manager as a client and they had a 10 million dollar account between gold and silver holdings. If they wanted to borrow against that account, is that possible?

Judge: We're not providing that facility at this time. It's not to say that something couldn't be set up to do that in a future event.

Morgan: The reason I ask is we all know most hedge fund managers are almost addicted to leverage. And of course when you've fully bought and paid for your metal, which is what I teach as you know, hedge fund managers are not that adept at doing it from the aspect that, again, they are always seeking to get leverage. They're not opposed to a physical holding, it's just that once you have it, from their perspective it's sort of dead money.

There is a problem throughout the world in actually getting physical silver and gold at this time. The only place that you seem to be able to get industrial-sized bars is of course through the COMEX. The retail market for rounds or silver eagles or anything else is extremely difficult. The same conditions apply to gold as well. Are you going to have any problems getting industrial-grade bars for your clients?

Judge: We don't see that in the foreseeable future. Part of this reflects back to the history of the company. We have relationships now that are over a decade old. These are well established relationships. Also, this is within central Europe, which has been a warehouse, a producer, and a refiner of physical bullion for hundreds of years. I'm referring to Switzerland.

We've seen Switzerland survive several market disruptions. The collapse of the London gold pool in 1968 would be one example where the international bullion markets shut down, yet Switzerland kept their doors open for trade and continued to trade internationally, buy and sell. Switzerland is a refiner for a lot of African production. It's certainly a refiner of industrial bullion into good delivery bars for parts of Eastern Europe, Uzbekistan, Kazakhstan—large producers particularly of silver as a byproduct to base metals.

So we see that there is still a strong supply from that part of the world. Compare this to North America, where, although the domestic market is potentially quite large and the investor market can grow very quickly, the production side of it is quite small. So therefore, we don't have that same domestic liquidity within North America in terms of refining of mine production that we would see in parts of Europe and Switzerland. Parts of Asia and probably even Australia are large producers. It's important to note that these markets, while having a large production capacity, may have much smaller demand markets.

To answer your question specifically, we don't see supply disruptions coming from industrial production into good delivery bars of either gold or silver. We are doing substantial business at this time.

Morgan: It seems as if this may be one of the best places under the current conditions of the marketplace to obtain physical silver and gold then place it in a secure jurisdiction outside perhaps the jurisdiction you're currently domiciled in. So I see a lot of positives here.

Can you give us a general idea as far as what kind of buying power you have in the physical realm? That would be helpful.

Simon Heapes: Yes, David, I can jump in on that

question. To give you an idea on a day-to-day basis, I've just placed an order with a refinery in Switzerland for approximately 360 silver bars, one-thousand-ounce bars. And we're looking at maybe 14 to 20 days before we can take delivery. This gives you an idea of what happens on a daily basis in Anglo Far-East Treasury.

Morgan: As you know, my subscriber base is diverse. I recently met one top-tier hedge fund manager (500 million dollars) who really wasn't that interested in the silver market, stating that he managed too much money and wondered how he could possibly fit into the tiny silver market. I forgot to remind him that the richest man in the world, Warren Buffett, bought 20 percent of the physical silver supply in 1999.

But regardless, we have a lot of money managers who read our work. We also have lots of savvy retail investors and some may be getting started in this sector because they've sort of awakened to the facts of why physical metal is key to preserving wealth.


Philip Judge holding 400oz gold bar
www.anglofareast.com

Having said that, what is the minimum account opening that someone could start with at Anglo Far East Company?

Heapes: Generally we're more geared to the higher purchaser, but we do have a non-advertised minimum. It's around the US$5,000 mark. Our accounting system is geared for the larger purchaser. I guess there are other companies out in the marketplace that are more geared for the smaller purchaser, but we are not, from that perspective.

Morgan: So basically you're looking for investors who are buying at least one commercial-grade silver bar as a minimum. Would that be correct?

Heapes: Yes, around that. What happens is that any client who comes in under that, especially in the case of gold, over a period of time as their account reaches a bar level, then we allocate the bar to that account.

Morgan: Now I'd like to move on to the global economic picture. Of course, there are opinions on both sides, but what we're witnessing in the credit markets right now is something that others and I have forecast for quite a long time. I actually saw it starting to unravel in the public domain August of 2007. And I was concerned that on that rollover date, August of 2008, we would start to manifest even greater liquidity problems. And, lo and behold, here we are in October 2008 and we've witnessed huge problems within the financial system.

I don't want to speak for you, but we probably all know that gold is the number one asset outside of the financial system, because it is money outside of the system. I believe the same holds true for silver. Can you give me your comments on the overall global perspective? What you see going forward in the credit crisis that we're currently in . . .and if you believe that both gold and silver are important to this.

Judge: We have 5,000 years of history indicating that, at times, different derivatives from the markets may be called money. We've seen wooden sticks and shells and all sorts of other things operate as money for a period of time. And then markets always have derivatives—where men get smart and make financial markets that are derived from production and labor. Ultimately, in their heart of hearts, people understand that gold and silver together are real money, and they have been for at least 5,000 years of human history in my opinion.

It's typically been a relationship with gold and silver that has worked as this form of money throughout time. We do go through periods of time in human history where we seem to depart from the precious metals, and then things tend to unravel and we rush back to them very, very quickly.

In today's world we're talking about hundreds of trillions of dollars' worth of financial instruments and valuation on various forms of assets—whether property, capital markets, equity markets, derivatives, or loan mortgage markets. All forms of derivatives from real, tangible assets. Hundreds and hundreds of trillions of dollars versus today's valuation of $10.00 on silver, at least at the spot price. We've had less than 2 trillion dollars' worth of silver mined in all of human history.

So if we're trying to put hundreds and trillions of dollars into a physical silver market, which is less than 2 trillion dollars (silver at $10.00), it just doesn't fit. With the potential expansion of the price when just even a small percentage of these other forms of asset valuations try to flood into physical metals, it doesn't matter whether it's silver or gold. Of course, those prices have to go to extreme levels for that market to clear even a small amount.

So I guess in my opinion, the larger this derivative paper market and economy grows in terms of its notional valuation, the far greater the upside potential for physical metals in the long run.

Heapes: Simon Heapes here. I want to reiterate exactly what Philip said. It's interesting when we look at all of this paper that's out there, or these derivatives—something that's derived from something else, and that something else being a tangible. At the end of the day all tangibles are a byproduct of man's labor. Hence, gold and silver are the ultimate representation of a man's labor, being that it takes labor in some form to actually produce gold or silver.

All this notional value—these hedges on the future, of future production, or borrowing man's labor out of the future, which is really what all these paper markets are—to me it is like a big upside down pyramid. More and more people in today's world are becoming aware of this situation, and I think a lot more are going to become a lot more aware of it as we go into the weeks, months, and years ahead.

This upside down pyramid is working its way back down to the tangible. Obviously gold and silver are the ultimate outcome right down at the bottom of that tangible asset itself because it's liquid. And you know when you're able to actually move it around the place if you need to, directly relating to a man's labor. So that's my take on it into the days ahead.

Judge: It's interesting that this thinking and your question really underpin the whole history of our company and the setting up of this independent vault and custodial service that we did. Back in the 1990s we were looking at this day and this event where we are right now. I know at that time you were writing and talking on this very market.

It's also interesting that this last week we've been acquiring physical silver from different parts of the world, ultimately heading to our refinery for barring to take delivery into our vaults. We were asked the question out of Australia just this last week. If you gentlemen are purely covering a silver position, why don't you do it with an ETF?

It comes back to the very same thing that Simon just mentioned a moment ago, that a paper market is a paper market. But when we're talking physical gold or physical silver, it's the actual tangible metal within a vault that's outside the balance sheet of bank or the hands of a government's ability to seize that asset.

That became very, very important to us, which is why we went about specifically setting up this custodial service and system that we did, where the bars are independently vaulted. They're outside of a bank. They're not part of a bank or its balance sheet or even its physical vault. We are independently audited by a third-party auditing company, a top five accounting firm, an independent certificate of deposit, and so on.

This was the only way that these bars being held in a jurisdiction have the long-term track record and history of being in a safe custodial country for physical gold and silver bars. That was part of the long-term thinking we had and how we ended up with the facility we have today.

Morgan: I very much appreciate your answers. I'm going to make a couple of comments and then ask another question. Regarding the upside down pyramid: I don't know if you're familiar with John Exter's work; John actually showed the financial system as a structure of an upside down pyramid. At the bottom of the tip of the pyramid he showed gold. In my lectures many years ago I showed silver at the actual very tip of it, from the aspect that there's really less silver as an investment vehicle in today's world than there is gold. I mean specifically from a .999 fine bullion point of view.

If you look at the two best studies in the world on silver, there is roughly 500 million ounces in .999 fine bullion form. If you add coinage on top of that, it's roughly another 500 million ounces. So we have approximately a billion ounces of invest-able silver relative to investment form, which is critical, versus what the potential demand will be for both of these metals.

Can you tell me what amount of demand you're seeing currently for silver and gold? In other words, is it 80 percent wanting gold and 20 percent wanting silver? What's the mix, currently?

Judge: We've tended to have a history in silver. Part of that is that we've been pushing for a lot of years for allocated bars—the cost of a good delivery bar in gold being close to $400,000.00 versus a good delivery bar in silver, which is closer to today's price around $10,000.00.

Also, when we were entering these markets, there was a lot more attention on physical gold than there was on silver.

At the time there were some lone voices in the wilderness, such as you, Dave, who were really trying to explain to people why silver had such a high upside potential. I guess a lot of our clients started to see that picture early on, so we set ourselves a bit of a history and a track record of suggesting to people coming to us that silver was probably worth taking a second look at before jumping into gold.

Plus, of course, another important feature is that the access to the allocated bar is such a lower level versus that of gold. So we've tended to have probably a 60 to 40 ratio. It may be closer to a 65/35, something along those lines.

Morgan: And favoring silver I'm assuming, right?

Judge: That is correct.

Morgan: Okay, great. Now I want to do a hypothetical. I've got several clients who have pretty good exposure in the SLV. Now that we've done this interview, they're going to read this in early November and they're going to say, "You know what? I don't want the SLV. I want to move my account over to Anglo Far East Company." What would be the best procedure? I'm thinking perhaps just to sell out the SLV, take the cash, and open an account with Anglo Far East. Would a cash transfer be your recommendation?

Heapes: That's the easiest process, because our clients are coming from different jurisdictions, from the U.S. or from countries in Europe. The easiest process is for them to liquefy their account and then do just a cash wire transfer to one of Anglo Far-East's settlement accounts.

Morgan: Okay. Let's take another hypothetical. I have several of our clients who are holding warehouse receipts for COMEX good deliverable bars. They may have been in one of the COMEX approved banks in lower Manhattan for several years. What's the best procedure for them? Is it again easier for everybody to liquidate and take the cash? Of course, a cash transfer is much less cumbersome than a bailment of physical silver.

Let's say someone wanted to bail into Anglo Far East ten industrial-grade bars. Is that a possibility?

Heapes: It is, as long as they are, in the case of silver, the thousand-ounce bars. This suits our governance plus our storage facility as well. Obviously it would be at the client's expense to do so, but there are also some fees that are associated with Anglo Far East. We cover the insurance and storage on the metal for seven years up front as well. This helps us bring the cost of that down a little bit for our clients. So that would be the way to handle that one.

Morgan: I know that's the most cumbersome, but I just wanted to ask while trying to think ahead of what some of our clients might want to know.

Judge: Our facilities are in Kloten, Zurich, as well, so any bailment of physical bars, which can be done, requires the bars to be delivered into the Kloten Airport or a customs bonded area within the airport area of Zurich itself.

Morgan: So if you have fully paid-for bars being warehoused in New York, could the certificate be sent to you to open an account?

Judge: No sir. Currently we just don't have a facility for that.

Morgan: Is there anything that I should be asking anything that you would want to bring up?

Judge: I suppose one of the things that I've heard so much over these last 60 days, but probably the last 30 days, is where is silver going and why is it so volatile. I've talked to you in the past about the supply-and-demand fundamentals. You can look at oil as being a solid commodity. You look at natural gas within the United States and see this huge volatility, both in price but also in supply and demand. And silver is something that has got such a fascinating history to it. Throughout most of the history of the world it's been the money of the everyday man, while gold has been reserved as the money of kings and queens and for payment of taxes. Silver has been the best friend of a man. It's been the form of money that a slave could save through his gratuity to eventually buy his freedom. It's been said that silver has bought more men freedom than any other single thing.

To me the epitaph, the end of the silver story, is not yet told. We've seen how silver and the precious metals were shipped over the isthmus of the Americas, in fact Panama City, from Peru, and ended up in mainland Spain and paid for the Industrial Revolution and the expansion of the Western European Empire in the Middle Ages and so on.

We forget when we read about all the gold that was plundered from Peru to realize that probably there was a ratio of 10:1. For every 1 ounce of gold shipped there was 10 ounces of silver from those parts of the world.

Silver's had a great part in building mankind to 2008. It's so important in medicine today and all these other areas, such as industry and computers and everything else that we're involved in in our modern society. Silver has a huge part to play and a very fundamentally important part to play in the days ahead.

So when people ask me pricing questions, I think it's not so much a matter of where its price is today and where it's going tomorrow, but more of do you own any. And will we have enough? And how long will we have enough as a society, as a species, to at least keep our modern way of life running? Some reports tend to suggest that silver will become far, far more precious in the days ahead. I still believe it's got a big part to play in the future, in terms of human history and telling the human story on planet earth.

Morgan: Wow, Philip! You just got my juices going, so I have to add to that. Let me define gold-centric for everybody. Gold-centric applies to someone who believes that gold is the only asset class that's going to prevail during a financial calamity such as we're now experiencing.

I disagree with that for all the reasons that you outlined, Philip. I've made the statement that in today's world, silver is probably as vital to human

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 www.GATA.org.

GOLD ANTI-TRUST ACTION COMMITTEE INC.
7 Villa Louisa Road, Manchester, Connecticut 06043-7541 USA
CPowell@GATA.org

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existence as water is in the real world. I mean that sincerely, from the aspect that the technological society we now enjoy cannot be available without silver.

You could probably take all the silver out of all the highend electronics, such as computers, cell phones, DVDs, anything electronic, and substitute it with gold. But, of course, the cost would be far higher if you did that. I have made the statement again and again and again, but it bears repeating. In my view there is a rush into the silver market that is being experienced right now even though the price isn't showing it on the derivatives markets. But it is, in the real marketplace. This shows that there is not only a monetary demand for silver, but there is a huge spread, because there's so little silver available due to the increasing demand that we're now experiencing.

When the final top of the silver market comes, it's going to come from the worldwide demand of the little guy, the average person who has worked hard and has something to protect that's going to pour into the silver market. Most of these people who are going to be moving into silver as a safe haven will have never heard of David Morgan, Ted Butler, Ian Gordon, Jay Taylor, or any of the other "metal heads" out there in North America as proponents of either gold, gold and silver, or both, or either. It doesn't really matter.

These are people who know instinctively that silver and gold are probably the only two assets that are going to protect them. In my view, it's going to favor silver, because the dynamics for silver are so much stronger than they are for the gold market.

Judge: Absolutely. I absolutely agree, David.

Heapes: Simon Heapes here again. I would have to concur with what you and Philip have said in regard to silver, especially if you consider the ratio between silver and gold at the moment. Let me just start off by saying that it's an absolute gift at the price it's at now. Historically, silver is an amazing commodity monetarily and industrially.

I've always been fascinated with silver. Geologists have taken surveys and measured approximately how much gold is in the earth's crust and how much silver is in the earth's crust. It's about a 12 to 16 to 1 ratio. It's interesting again, from the laws of the universe perspective. Even the ancient Egyptians equated silver to the moon and gold to the sun. If you measure the revolutions of both those entities in the lunar and the solar, you've got about 13:1. So it seems to match up.

In today's world, where man has gotten involved in the equation, he's pushed these ratios way out of balance from what they should be. When you bring the precious metals back to what they truly represent from a monetary standpoint, which is labor, the average man on the street starts to realize the opportunity that it truly is an absolute gift. Silver at the prices it's at now.

Morgan: I'd like to further this discussion a bit. During a lot of my lecture tours I present a chart of the gold/silver ratio from 1200 AD to basically the present time. What you'll notice from 1200 to about the 17th century is that the ratio of gold to silver traded in the marketplace was 12:1. That's what I call the natural ratio, as you've just outlined.

Right now the natural ratio is more like 8:1. The reason being is that most of the easily obtained silver was right near the surface. In fact, the Conquistadors were able to come into the areas of Peru and Mexico and see silver shining at the top of mountains. They were able to extract it, because it was basically in plain view.

I have predicted and will continue to predict that the ratio will narrow, that silver will outperform gold in the long run. Even though we're experiencing an 80:1 ratio as we're doing this interview, I predict a 10:1 ratio at the top of the market—in other words, that it will take 10 ounces of silver to buy 1 ounce of gold. Time will tell if I'm right or if I'm wrong, but I still believe that silver is far undervalued, relative to every asset, including gold.

Hepeas: Absolutely. I concur with that, 100 percent. I'm fielding a lot of questions through our client base about silver. Obviously I give our clients my personal opinion on it. They go away and make their own decisions. I might even point them toward a particular newsletter, Dave, that they could have a look at for further research.

Morgan: Very good.

Heapes: Let me introduce Alex Stanczyk, who works with us. He's got a few other points about Anglo Far-East that I'd like him to get across if he could.

Morgan: Certainly.

SPDR Gold Trust holdings hit record 832.57 tonnes

Mon Jan 26, 2009 Reuters is publishing that GLD holding are on the rise.

The world's largest gold-backed exchange-traded fund, the SPDR Gold Trust GLD, said it held a record 832.57 tonnes of gold as of Jan. 23, up 13.46 tonnes from 819.11 tonnes on Jan. 22.

Holdings in the trust, which issues securities backed by physical stocks of gold, began climbing again in December as low visibility on the prospects for the global economy ignited demand for bullion as a safe-haven asset.

Date	Total Tonnes
Jan 23	832.57
Jan 22	819.11
Jan 21	805.96
Jan 20	802.90
Jan 15	795.25
Jan 14	790.66

Alex Stanczyk: If I can bring it back into practical terms for your readers as to what kinds of solutions we're looking at here, and point out specifically what Anglo's competitive advantages are. Number one is privacy. Anglo Far East was designed from the ground up as a wealth protection firm as well as a source for gold and silver bullion. That privacy component was intertwined into the entire evolution of how Anglo works. It's a very important component. So for clients who are looking for that kind of thing, that is specifically one feature we offer that, in my mind, is above and beyond what you may be able to find at other similar types of services.

In addition to that I'd like to point out that true wealth protection requires privacy—and privacy and regulation are almost complete opposites of each other. If you have a highly regulated environment, one might look at it like the more regulation you have, obviously the less privacy you have. And the less privacy you have, sometimes the less protection you have of your true wealth. Going the heavily regulated commercial banking route as we've seen recently, regulation and compliance as far as what certain entities and authorities can provide, may provide you with some degree of recourse if something goes bad, but it certainly can't provide you trust. And it certainly cannot provide you protection of your wealth, as we're seeing by what's unfolding in the market today.

So instead, we go more toward the direction of having pretty extreme levels of governance. That occurs throughout each and every single aspect of how Anglo Far East operates. From the point of time that a person actually opens an account to how a person's individual information is handled. How that's kept private. How transactions are completed.

Literally every single step of the process, through the bailment process to having third-party auditors present at the bailment. To the partners that we've selected in the industry. Their credibility in the industry. Especially at the vault level, accessing the vault. In order for gold and silver to go in the vault or more importantly come out of the vault, it requires the signature of a third-party independent signatory trustee. To my knowledge there's nobody else in the entire industry that even does that.

We call it extraordinary levels of governance as part of what we call the "chain of integrity."

Finally, the multi-jurisdictional protection. We all hear the term "diversification," diversify your portfolio. Have some resources in different asset classes. But very few people think to diversify in their physical bullion holdings as well. It is wise King Solomon who once said, "Put a portion of seven in eight throughout the land, for you know not where trouble may arise." That right there is a good reason to consider international diversification of your bullion holdings.

Let me point out one last thing. We're hearing from business partners we have all around the world—from Singapore to New Zealand, UK, Germany, and obviously also the United States and Canada, and even down into South America now—that sourcing bullion is very difficult at the retail level. In many cases, people are paying sometimes 20, 30, and even 40 percent over spot.

I'd like to point out that if someone is interested in securing a strong position in metal now, while the prices are still low, and wants to be able to get it at closer to spot, Anglo Far East is the perfect opportunity for you to do that, because we can do it for a small premium over spot, in quantity, and have no problems with supply, due to accessing metal at the refinery level.

Morgan: Thank you for that summation. And since most of our readers are North Americans, would you mind giving out your phone number? This is strictly limited to our private members-only subscribers at this time. We may take a portion of this and make it available to the public. I haven't decided yet.

Stanczyk: Sure, by all means. You can contact us at the U.S. based number of 206-905-9961. The alternate U.S. number is 786-866-9432, but the primary contact will be the first number.

Morgan: I'd like to wrap it up with this comment and of course I don't have to have the final word. You're welcome to add on if you wish.

There is very big misnomer in the silver industry, or the world of silver investment would be more accurate. And this misnomer is fortified by the two best studies on silver in the world. One comes from the United Kingdom and is sponsored by the Silver Institute from GFMS, Goldfield Mineral Service, and the second one is from the CPM Group of New York, New York.

Both indicate that the investment demand for silver is roughly 5 percent of the total demand. And depending on which study you look at, you see more than 50 percent of the demand being industrial demand. And then you have a breakdown

of photography demand. And then you have a subcategory of jewelry and silverware.

But as you all know, I'm independent. And I think. So I question this, and I question it for the following reasons. First, the investment demand is far, far, far understated. And it's easy to prove this. To begin with, look at what Warren Buffett did in 1999. He bought 129.7 million ounces of physical silver. And only 90 million ounces were delivered to him from the COMEX. That demand was 20 percent of the world's silver supply. That is far above the 5 percent that both of these studies indicate. It's a fact, not an opinion.

Secondly, look at the silver ETF—the Barclay's Silver ETF. I'm not that favorable to it, but I want to be consistent. I said that anything that had to do with the silver market and getting investment demand in the silver market was a good thing, overall. So I'm somewhat favorable to the silver ETF, from the aspect that it's awakened some investment demand into the silver market. It's certainly not my preferred investment vehicle for silver.

However, that vehicle holds, according to their records, over 200 million ounces of physical silver. Now if we go back earlier to our discussion, we realize that we might have 500 million ounces total. So two-fifths of the world's silver bullion supply is held by the silver ETF, according to their records. Certainly that is well above, again, the 5 or 10 percent that these two studies indicate is investment demand.

Further, if we move over to the COMEX and look at what their reporting is, we'll see that there's roughly 135 million ounces of silver held by the COMEX. These are in two main categories. One category is a registered category, which has about 80 million ounces or so of silver. Which is the dealer's inventory.

And the other 50 million ounces is held in the eligible classification. The eligible classification is primarily, not 100 percent but nearly so, long-term investors that own physical silver that's held in one of the COMEX-approved banks, either in lower Manhattan or in Delaware. So again, take that 50 million ounces, which is roughly 10 percent of the bullion supply. And that's just held in the eligible category.

Now add that 50 million with the 200 million in the SLV—that's about 250 million, which is one half of the total silver bullion supply. And that's just two main categories that are the outline for silver in investment vehicles.

Next, add to that what is held by the Central Fund of Canada, and some lesser known silver ETFs, and perhaps some private facilities, such as Anglo Far East, and those that are held privately . . . I think you're getting the idea here.

Philip Judge holding
400oz gold bar
www.anglofareast.com

The silver investment demand story is one that is very, very underplayed. But, as anyone who knows me is well aware, I like to get down to facts as much as possible. I wish to impress upon everyone just how important silver is, not only to an industrial society, but also and primarily as a protection of wealth and a wealth builder going forward.

Judge: I absolutely agree with everything you've said, David. I tend not to use the word "conspiracy," and I don't understand if there is a direct agenda or motivation to underplay this silver invested demand story. However, we do know from what we see, and there'll be one exception to this. And this would be bullion coins and small bullion bars and wafers from small refineries and coin dealers and so on.

You and I were both in the precious metals markets near the beginning, David, where you'd get up in front of a group of people and say, "I'm here today to talk to you about gold and silver." And people laughed.

But even in that day and in that mindset right through to October 2008, my opinion has been and my feel for the market is this. A moment ago I used a number to say that somewhere between 60 to 65 percent of our dollar diversification into physical metals would be 60 cents and the dollar would go into silver would be my opinion of our 15 years within this market. Because the forward-thinking, the more sophisticated mindset, gets the picture of silver, although gold is by far the one that the headlines are written about.

Yet, when you dig into the market, I guess the precious metals market over the last 15 years has been driven by the forward-thinking investor. You talk about Warren Buffett and others who have identified this to be such a critically small and undervalued market. This is why they've taken long-term physical positions in the market.

So I agree. I don't understand what the agenda or the motivation is there, but I definitely would agree with you that it's vastly underplayed. Again, I only see that as having long-term ramifications in terms of availability of any kind of silver for the investor demand side of it.

Even in these recent weeks where we've seen such a huge sell off in the physical metals, in terms of the price I should say, there's been record investment demand and buying. And during this period we saw gold hammered all the way down from the mid 900s down to where it is today at 750, 770, 780. But we saw the ratio spin out somewhere from around 60 there, mid 60s all the way out to 83 and 84. So we saw silver slowing much more and knocked down in terms of its screen price. Yet demand was just simply going through the roof, as it has been for us over the last 60 days.

So again it just speaks to the volatility of the metal. But also it's a fabulous future and outlook for moving forward.

Morgan: I've pretty much exhausted our questions. And I wanted to get in my dissertation on the true investment demand—which I think very important, not only for our readers but also the investment community at large.

Judge: If your readers are calling us at either of those two numbers, if they were to mention that they're a Dave Morgan newsletter reader, then that just helps us identify that.

Morgan: Well, it's a real pleasure all the way around. And hopefully there is a good synergy here for what I do and what your company does. Because it's very much needed, as you well know.

Judge: I really appreciate that too, David. Back at you and looking forward to meeting you, if we can, around that time in Zurich. Just a great synergy and loved the call today. It's fantastic.

Heapes: Hey thanks, Dave. Really appreciate it. I could talk to you for hours on this particular subject. It was a great chat and really enjoyed the conference call.

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Mr. Morgan publishes a private newsletter for serious precious metals investors. He founded the web site: Silver-Investor.com. He has predicted the current economic conditions and has studied the precious metals for over three decades.

His background in engineering , with an advanced degree in Economics/Finance gives an insight into the financial markets seldom can compete with. He is one of the foremost authorities on silver, a favorite speaker known world wide. He has published the book "Get the Skinny of Silver Investing." He does some private consulting.

The Morgan Report is published on the first Monday of the month. Rates for one (1)year are US$129.99 for e-mail. Stone Investment Group, 21307 Buckeye Lake Lane, Colbert, WA 99005; 509-464-1651.

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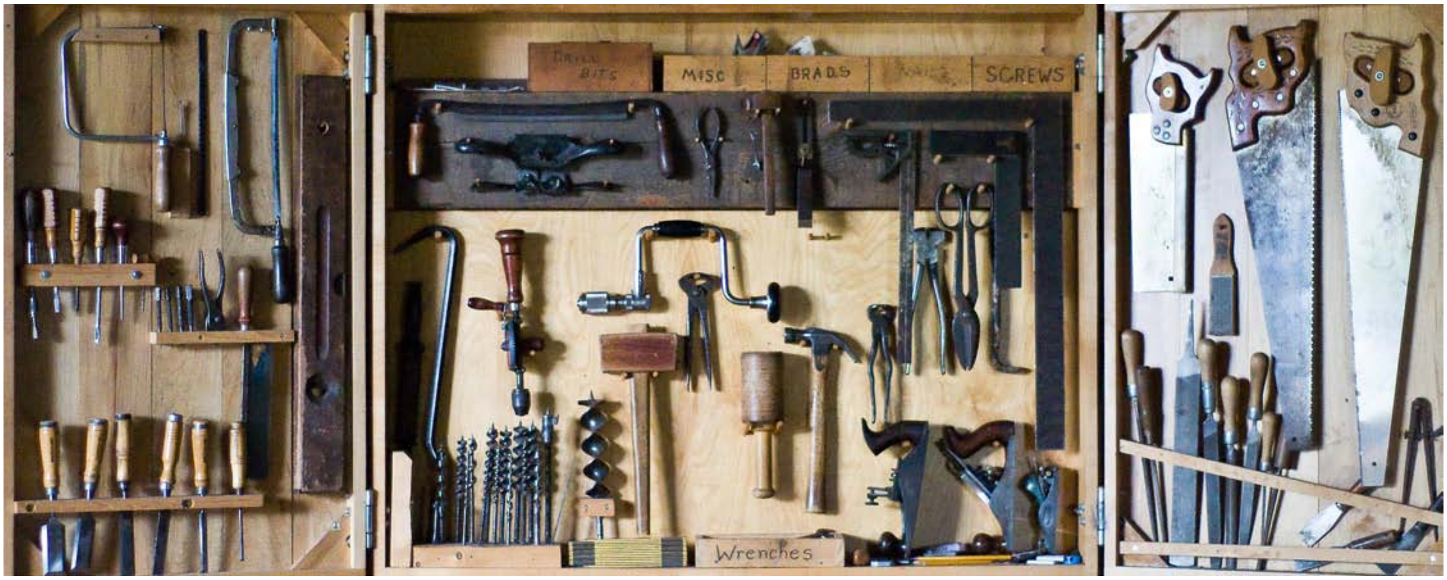
iGolder Will Soon Offer Some Powerful New DGC Tools



Flickr.com photo of old tools most of them circa 1890
Courtesy http://www.flickr.com/photos/vidular/2972996461/

The Internet gave birth to e-commerce and created a global sales platform for any business. Some people still ask, "have DGC companies really taken advantage of this sweeping opportunity?" Do they cater to any retail customers? Are digital gold companies even focused on capturing the retail consumer?

The real beauty of digital gold currency and one of the primary benefits it delivers to all users is the solid reality of No Chargebacks.

Online commerce is accomplished with absolutely no chargeback fraud. The fact is that you cannot reverse a transaction.

Last week, all major network news stations ran the story about Heartland Payment Systems and how some hackers had continuous access to their customer transaction database(s) since late last year. Somebody left the "digital backdoor" open and the criminals gained easy access to customer names, addresses, financial accounts and likely other private info like SSNs, DOBs or information of a personal nature.

The payment processing computers which the intruders copied, were used to process 100 million card transactions per month for 175,000 merchants. (that's a lot of credit card transactions) The company spokesperson said the hackers had access for several months and they just don't know how many hundreds of millions of card accounts were exposed.

From our industry's point of view, if you are a retailer selling online and accepting digital gold currency, you can simply laugh off this type of CC fraud. Chargebacks are just not possible with a digital gold system. All transactions are final.

As the e-gold slogan goes, "Get paid and stay paid."

Of course this is excellent if you are the seller (no chargebacks keep your income), but it's not always great if you are on the other end as the buyer. If you have ever bought merchandise online using digital gold and gotten 'ripped' or been dissatisfied with your purchase....well there was not much you could do but flame the company on some forum and hope others read it.

This issue has been haunting digital gold users for about a decade.

No digital gold company has yet built in a customer satisfaction/rating system or active dispute resolution required on all account holders. Webmoney does a great job with offering a customer blackmark and arbitration service, but it is not required to be used by all account holders, so the possibility of a bad sale is still present. Webmoney even has a warning code built into each first time transaction so the account holder recognizes when they are spending to someone new. (it's excellent) I would imagine this also cuts down on incorrect transfers.

The newest DGC coming out of beta testing right now

is iGolder.com and this system could develop into a powerful new commerce tool for DGC buyers and sellers.

In a pro-active attempt to prevent fraudulent online sales, the iGolder account offers all users two new features which are available on on all transactions. As a new iGolder user or visitor to their web site you will notice a feature named Safetransit™. Safetransit is the name coined by iGolder which designates a delayed transfer of gold where closing the transaction is based on the successful receipt of goods. It's similar to escrow because the receiver has to perform before the funds will be delivered.

A Safetransit sale provides a time delay for the proper completion of any delivery and inspection of goods. The seller may set the time delay for his transaction. Unlike escrow, this delay will not last forever, once the time is up, the funds will transfers regardless if the sale is a happy one. (don't let the clock run out) During the delay period, the buyer may stop the transfer for any reason, thus protecting himself from non-shipment or misrepresentation of merchandise.

Because all DGC transactions are not reversible my opinion is that wide scale retail use of a DGC has not yet caught on with the mainstream public. However, this tool which protects buyers, could be part of a retail solution.

If the transfer is blocked, the buyer needs the consent of the seller to recover any gold or the buyer may file a dispute and "win" the arbitration. Any disputes regarding goods or services are professionally resolved before the payment is released. The Safetransit feature protects both buyer and seller and this feature seems to be a very workable solution for digital gold commerce.
Adding even one more layer of fraud protection to this feature, is the "First Transaction Protection Delay". I just completed a spend in the DGCmagazine iGolder test account. I sent a gram of test gold to the owner of the company. After completing the transaction a small notice appeared my the transaction details screen. It reads as follows:

Miminum Safetransit time

There is a minimum Safetransit time between you and Daniel's Primary Account is 1.0 days because the first transactions between 2 individuals have an initial delay of 1 day

What has occurred is yet another layer of protection for ALL first time transactions between accounts. This is similar to the Webmoney feature but a bit more restrictive. If you have never done business with an iGolder account, the closing of your first transfer will be automatically be put on hold for a period of 24 hours. The intention here is to protect both buyer and seller.

The First Transaction Protection Delay also shields your account from unauthorized transactions. For instance, if a hacker managed to steal your iGolder password and attempts to empty your iGolder account, the hacker will have to wait a minimum of 24 hours for the transfer to clear, giving you time to inform us about the unauthorized transaction and recover your gold. The wait period depends on the transaction amount as displayed in the table below:

Transaction Amount	Protection Delay
Less than 100 grams	24 hours
Between 100 grams and 1,000 grams	48 hours
More than 1,000 grams	72 hours

The First Transaction Protection Delay only applies to the first transaction between two different iGolder members. After 30 days, all future transactions with the same two iGolder members are instant, regardless of the amount.

The First Transaction Protection Delay is exclusively for protecting you against unauthorized transactions; it is not a grace period for you or the other member to cancel a transfer. iGolder offers tools such as Safetransit™ and Cancellation Provision allowing both parties to gracefully delay or cancel a transaction.

Notice that the protection delay has drawbacks: you have to wait the same delay when you receive gold from each new member. Depending on reputation, we may waive this delay so that you can receive gold instantly regardless of the transaction amount. Waiving the transaction delay still protects you against unauthorized transfer, because when you send gold, the receiver has to wait the protection delay, giving you time to report any unauthorized transaction.

Safetransit left me wondering exactly what was involved with a dispute resolution and how hard is it going to be if I need to file a complaint?

We will take a look at this process in a future article.
http://www.igolder.com/dispute-resolutions/
Article by Mark Herpel

Digital Money Forum

Twelfth Annual (12th - 2009)

Don't miss another exciting Digital Money Forum. Just as the previous year the event is being co-sponsored by the good people at Webmoney Transfer, the VISA corporation and several other related companies.

The goal of the Forum is to encourage discussion and debate around the real issues at the heart of electronic money in all its forms. In addition to this Forum, every autumn Consult Hyperion also organizes the annual Digital Identity Forum (see the web site at www.digitalidforum.com for more details), the sister event to the Digital Money Forum.

As usual the number of delegates is limited to 100 registrations per day. Speaking engagements include:

- ***Virtual Money vs. Hyper Money -- Dave Birch, Consult Hyperion***
- ***Tom Paine and Digital Money -- Oliver Dudok v. Heel, Lewes Pound***
- ***Mobile Making a Difference -- Alastair Lukies, Monetise***
- ***The Social Life of Money -- Bruce Davis, Ethnographer***

An early bird discount is available for payment received before the 6th February 2009.
Two Days
£399 + VAT

After this date the cost of attending the forum will be:
One Day
£250 + VAT
Two Days
£445 + VA

These prices include a three course lunch, refreshments throughout the day, and attendance at the Digital Money Mastermind taking place at the end of day one. Don't miss out.

31st March & 1st April 2009
Guoman Hotel, Charing Cross
http://www.digitalmoneyforum.com


CANADA
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99999
SW
FINE GOLD 1 OZ OR PUR

Largest Bullion House In Japan Reports Sales Have Doubled

Tanaka Kikinzoku has stated that it witnessed sales of gold coins more than doubling last year.

Tuesday, 27th January 2009 - The Market Intelligence section of the World Gold Council's web site (http://www.gold.org/) had this article today.

The largest gold bullion house in Japan reported that investors were choosing coins in the wake of the global financial crisis. Tokyo-based Tanaka Kikinzoku reported that sales of gold coins to local investors increased by 121 per cent in 2008 compared with the previous year. The company sold a total of 158,851 ounces of gold coins in 2008 and has also witnessed a jump in sales of gold bars to local investors in recent months.

"Sales jumped as gold's role as a hard asset came into the spotlight amid a slump in global economies," the Japanese firm told Bloomberg.

Business Intelligence Middle East has reported that high levels of demand for gold coins in Dubai during the emirate's annual shopping festival is leading to shortages.
http://www.marketintelligence.gold.org/news/2009/01/27/story/11215/japanese_bullion_house_reports_doubling_in_gold_sales

GoldMoney Adds Swiss Francs and Japanese Yen

by Trace Mayer, J.D.
http://www.runtogold.com

On January 14, 2009 GoldMoney introduced the first enhancement, of many, for the year with two additional national currencies, the Swiss francs (CHF) and Japanese yen (JPY), that can be held in Customer Segregated Funds accounts within a GoldMoney Holding.

It is now possible to (1) wire CHF or JPY into and out of your Holding, (2) Buy and sell gold or silver using CHF or JPY and (3) exchange national currencies with CHF, JPY, USD, GBP, EUR or CAD for a 0.49% exchange fee.

Given the strength of the Japanese yen and the unwinding of the carry-trade this additional option for holding national currency balances yields more value and the ability for greater profit from a GoldMoney holding. GoldMoney holdings are free to open, require no minimum balance and the fees are extremely competitive.

Any gold or silver bullion purchased and stored is insured, held in secure allocated storage with an LBMA member in safe jurisdictions, is completely unencumbered, audited by a reputable accounting firm and the entire system is extremely transparent.

Many of the sources for performing due diligence on GoldMoney have been consolidated so you can determine whether a free GoldMoney holding fits within your asset and estate plan. For the extremely low cost I think GoldMoney is a great value and should probably be considered in every asset and estate plan.

http://www.runtogold.com/2009/01/goldmoney-adds-swiss-francs-and-japanese-yen/

Vera Verba 2nd Annual Conspiracy Hunt Is Here!

Continuing that grand tradition of bringing some mirth to the darkest and coldest days of winter the hunt is now on! It's the annual search for the the best conspiracy theory on the Internet. (what's that you say?....a conspiracy on the Internet?...nooo) You can find all rules, dates, etc. on their web site. Get your submissions in by February 13th and win free stuff! Results will be published February 20th.

Last February's winner was: Omri Ceren, for his submission of the TIME CUBE site. He won a hundred bucks worth of books and/or T-shirts, (www.veraverba.com), plus $50. worth of e-gold from www.GoldNow.st

This one is wacky enough to win the gold www.timecube.com! Get your submissions in early this year and take home some loot.

http://www.veraberba.com

Webmoney Upgrades Keeper 3.7.0.0 Software Adds Fingerprint Option

WebMoney Keeper ver. 3.7.0.0 released 19.01.2009 http://www.wmtransfer.com

WebMoney Transfer allows account holders to settle financial transactions over the Internet. The organization currently has over 6 million accounts and operates in dozens of countries around the globe. With a WM account you may:

- send funds to other users;
- receive payments for goods and services;
- grant and receive credits.

The WebMoney Keeper software also allows sending and receiving messages through an internal WM Keeper messenger. These can be text messages and there is also a plug-in for voice calls between users. In case you are not a fan of downloading and installing third party software, Webmoney offers a standard web browser interface called Keeper light which is also very secure and easy to use.

All settlements in the Webmoney system are instant and non reversible. You click 'paid' and the recipient will receive your WebMoney units just a few moments later anywhere in the world. Transactions between friends in the same town take place as fast as receiving funds on another continent half way around the globe. Transaction fees are very low.

Within the Webmoney account, there are multiple purses which can be denominated by various currencies or even gold. At any time, a purse holder can withdraw the funds stored in his purse to a bank account, credit card or cash out through one of the very convenient WebMoney exchange offices.

There is a new version of the Webmoney Keeper Classic software out this week. The keeper Classic is a downloaded client account holders install on a local computer which allows very secure access to the Webmoney system. The package is feature rich and full of very cool options. Here is the most talked about security upgrade.

New! Customer authentication through verification of fingerprints:

- Create account at E-num;
- Store your keys at E-num Storage;
- Register finger-prints;

Choose E-num storage as a login method and finger-prints as authorization method.

E-NUM is a easy-to-use but extremely reliable system of customer authentication and authorization which works with the Webmoney Transfer system and the customer's cell phone

This unique system provides customers with maximum protection from unauthorized account access. It uses a powerful technology based on a unique cipherpad which is provided to each registered member. Account holders do not have to memorize or write down long complicated passwords the 'challenge-response' model used allows accurate authentication of the user with a minimum of effort. The E-num system is not just for Webmoney, after registering with E-num and installing a cipherpad, the system provides for authorization on websites, e-commerce and e-banking systems and other resources integrated with E-num.

The best part of using E-num is that there is no additional equipment or software required. E-num works on any Java compatible mobile phone or Pocket PC.

At the end of 2008, WebMoney announced they have expanded into Europe with WebMoney.EU. This new service allows European institutions and banks to issue their own digital money by using WM title notes. This type of Webmoney product in not new, but the licensing and expansion into the EU market is happening in full compliance with the strict EU legislations and existing financial regulations. This characteristic of the new system could very well make Webmoney a household name.

http:www.webmoney.ru