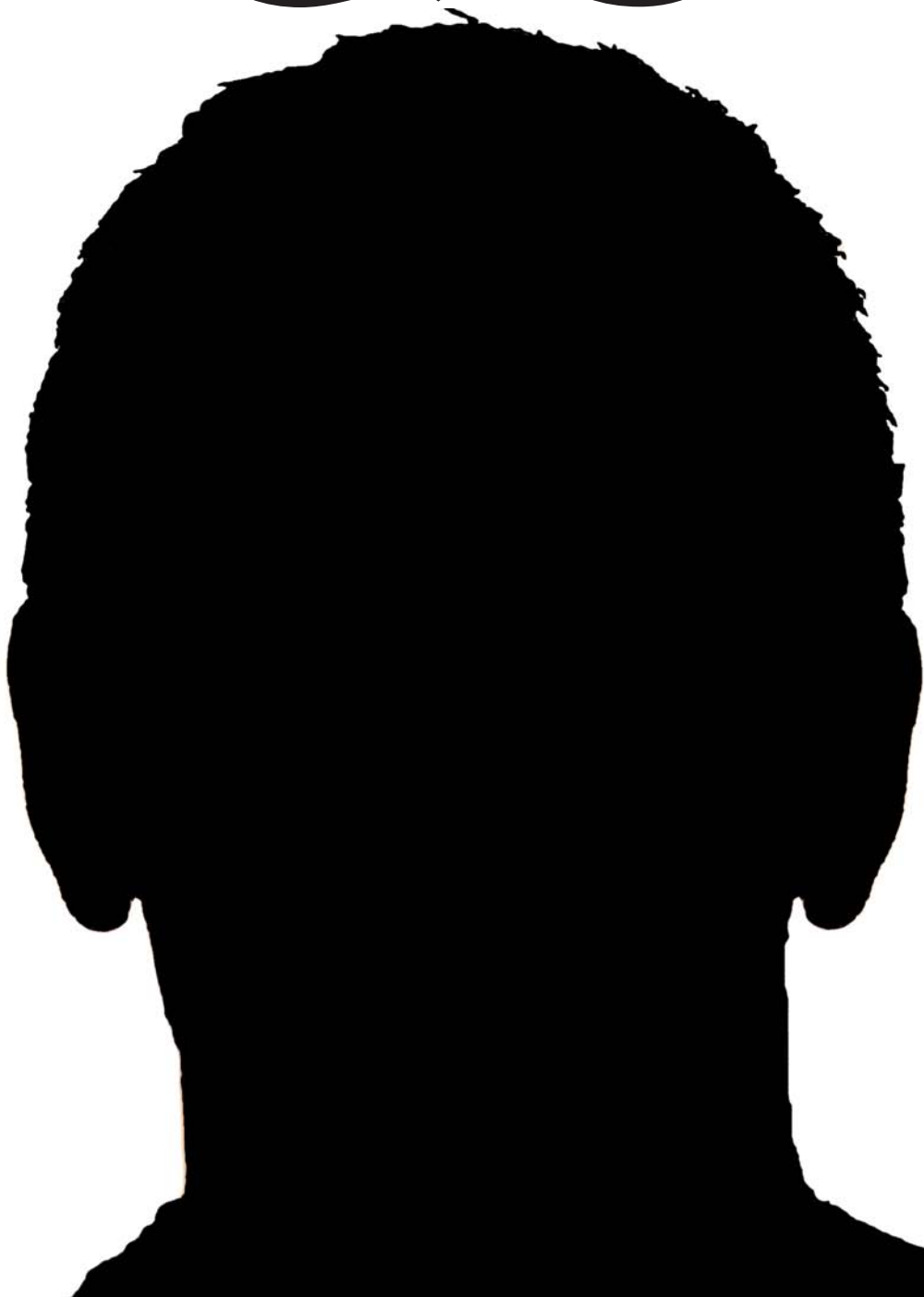


DGC

JANUARY 2011



'Sidd'

CO-FOUNDER OF PECUNIX, CO-CREATOR OF VOUCHER-SAFE

2010 DGC PERSON OF THE YEAR

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

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Cover: Sidd named DGC
Magazine Person of the Year

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The (Presumed) End of History

On September 11, 2001 I was in Eastern Europe. In fact, I was more or less stuck there until air traffic resumed. When I finally returned home, a week or so later, I was surprised by the fear I found. I quite understood shock, anger, and some fear (I didn't know if some of my friends were dead or alive), but the deep, existential fear was a surprise.* I thought to myself, "Have none of these people ever read history, even in school?"

Obviously these people had read history books in school, but apparently they never got any real sense of it. This is understandable, since every nation has a mythology it teaches to its schoolchildren... and these myths, of course, describe their state as the end-point of human development.

The End of History was also the title of a popular and influential book written just after the fall of the Soviet Union by a historian named Francis Fukuyama. In it, Fukuyama says that the world may have reached its final form: perhaps not a utopia, but at least a comfortable, secure, permanent state. Here is his core statement:

What we may be witnessing is not just the end of the Cold War, or the passing of a particular period of post-war history, but the end of history as such: that is, the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government.

Fukuyama's hypothesis has had limited acceptance among specialists, but the core idea – that we have reached a comfortable plateau – was widely accepted, primarily because it:

- a. harmonized with national myths, and
- b. legitimized the dream of permanent easy times.

With "the end of history" in their minds, people can't believe that nasty 'history book' things can happen to them. So, when a 9-11 occurs, they are left with no foundation and no ballast. This is what led to the attack on Western civilization known as the Patriot Act, its overseas cousins, and the world-wide assault on privacy.

The people of the West have been promised pampered lives, and the promising governments have been able to perform until recently. (Fiat currency can do that.) Even now, unemployment benefits, 'extend & pretend' and other programs have shielded people from real pain. The obvious lessons of 9-11 weren't absorbed and the belief that we've reached history's end continues. Millions of otherwise reasonable people are willing to let their elites do anything, thinking that this keeps them above 'history.'

Once that illusion can no longer be maintained, interesting things will happen. Thus it behooves us to get as many friends and relatives ahead of the curve as possible. And, for the record, you do that by casually discussing the subject; not by trying to convert them.

If George III Had Internet Surveillance:

Thomas Jefferson
Died July 3, 1776

After-action report:

The Office of Colonial Security had monitored suspicious transmissions between one Thomas Jefferson, who is described as studious and secretive, and at least a dozen other radical extremists, over a period of months. Finally, on July the second, they agreed together to execute their plan. Acting selflessly to preserve our way of life, agents of the Colonial Security Administration risked their lives storming the homes of the traitors and arrested them. However, the author of their extremist manifesto, Jefferson, after apparently setting his home afire with oil lamps, died in the resulting conflagration. All known copies of the manifesto were destroyed in the above-mentioned actions.

*Privacy is a
tragic thing
to lose.*



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1970

In 2010 I discovered that I was old enough to look back forty years and to remember not just the events, but how average people felt about them and reacted to them. In other words, I could provide some real perspective to the dates in the history books.

So, I sent a bit of time reading through the records. I soon realized that there were a lot of nasty things going on back then, but that people freaked out less. Sure, they got upset over the various atrocities, but they retained some sense of “these things do happen.”

Nowadays, with violent crime down by almost any measure, people freak out a lot more.

With that thought in mind, consider some of the nasty events of 1970. This is a much shortened list, but it will give you a glimpse of that year:

- January 15 – After a 32-month fight, Biafrs surrendered to Nigeria.
- February 19 – Shares in Australian nickel miner Poseidon, which were \$0.80 in September 1969, peak at \$280 before the bubble bursts.
- March 6 – A bomb being built by the Weathermen terrorists explodes, killing 3 members of the organization.
- March 18 – General Lon Nol ousts Prince Norodom Sihanouk of Cambodia.
- March 18 – United States Postal Service workers in New York City go on strike; eventually 210,000 out of 750,000 U.S. postal employees walk out.
- April 8 – Israeli bombers (probably accidentally) kill forty-seven Egyptian children.
- April 21 – The Hutt River Province secedes from Australia.
- May 4 – Four students at Kent State University are killed and 9 wounded by Ohio State National Guardsmen, at a protest against the Vietnam War.
- May 8 – Construction workers in New York City attack 1,000 students protesting the Kent State shootings.

- May 14 – In the second day of violent demonstrations at Jackson State University, law enforcers fire into the crowd, killing 2 and injuring 12.
- May 31 – A landslide buries a town in Peru; more than 47,000 people are killed.
- June 8 – A coup erupts in Argentina.
- June 12 – Guerrillas attack military garrisons in Oman.
- June 21 – The Penn Central railroad declares bankruptcy, the largest US corporate bankruptcy to date.
- July 23 – The Sultan of Oman is deposed in a palace coup by his son.
- July 12 – Two CS gas canisters are thrown into the British House of Commons.
- August 7 – A California Judge is taken hostage and murdered, in an effort to free a Black Panther from jail.
- September 1 – Attempted assassination of King Hussein of Jordan.
- September 6 –Palestinian terrorists hijack four passenger planes on flights to New York from Brussels, Frankfurt and Zurich.
- October 5 –FLQ terrorists kidnap a British diplomat and demand release of its imprisoned members.
- October 4 –The Bolivian Army initiates a coup.
- October 10 – FLQ terrorists kidnap Minister of Labour Pierre Laporte. He is found dead a week later.
- October 14 – The Chinese conduct an open-air nuclear test.
- October 17 – A cholera epidemic breaks out in Istanbul.
- October 22 – Chile declares a state of emergency. Salvador Allende is elected President two days later.
- October 28 – A cholera outbreak in Slovakia.
- October 30 – A monsoon in Vietnam kills 293 and leaves 200,000 homeless.
- November 13 – A military coup in Syria. Hafez al-Assad seizes power.
- November 13 – A cyclone in East Pakistan (now Bangladesh), kills 500,000 people.
- November 25 – Renowned author Yukio Mishima takes over the headquarters of the

Japan Self-Defense Forces. When he fails to sway public opinion, he commits ritual suicide.

- November 27 – A Bolivian artist tries to assassinate Pope Paul VI.
- December 3 – A kidnapped British Trade Commissioner is released by the FLQ terrorists; the Government of Canada releases 5 terrorists to Cuba.
- December 4 – The Spanish government declares a 3-month martial law in the Basque region.
- December 7 – The Swiss ambassador to Brazil is kidnapped in Rio de Janeiro; kidnapers demand the release of 70 political prisoners.
- December 13 – The government of Poland announces food price increases. Riots and looting break out. Martial law is declared.
- December 15 – The South Korean ferry capsizes; 308 people are killed.
- December 22 – The Libyan Revolutionary Council nationalizes all foreign banks in the country.

WE'RE TRASHING WESTERN CIVILIZATION FOR THIS ?

9-11 was a horrible thing: over three thousand innocent people were murdered by evil terrorists. I had personal ties to this; I'm not trying to minimize it. But, in the flow of history, it was far more flash than substance. More people than that died in one day several times during World War Two.

It was not the event, but the freak-out that dealt a body blow to Western civilization. We need to get people over this before the next reason to freak out comes along. History does happen. Please do what you can.

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* I was very proud of the men of my city in September, 2001: The local Muslims were understandably scared of repercussions, so groups of 'regular American guys' escorted Muslim women to and from stores and schools. No one asked them; they did it because it was the right thing to do.

Exciting Webmoney News!

I have no corporate confirmation of this fact but it appears that Webmoney is now in Vietnam.

The Webmoney geo tracker is showing the territory of Vietnam.

<http://geo.webmoney.ru/wmobjects/country.aspx?country=242&lang=en>

It currently shows exchangers located in

- *4 in Ha Noi*
- *2 in Ho Chi Minh City*
- *1 in Hai Phong*

DINAR PEOPLE WILL BE LAUNCHING ITS FIRST MONTHLY E-MAGAZINE.

DINAR PEOPLE E-MAGAZINE IS AN ELECTRONIC FORMAT DOCUMENT DESIGNED TO PROVIDE YOU WITH NOT ONLY AN EASY ON-SCREEN VIEWING EXPERIENCE, BUT ALSO A PRINTABLE DOCUMENT VERSION THAT MAKES READING SIMPLE. THE E-MAGAZINE CONTAINS SPECIAL CONTENTS AND ARTICLES WITH HIGHLIGHTS ON CURRENT AFFAIRS AND DEVELOPMENTS IN THE GROWTH OF ISLAMIC GOLD DINAR, SILVER DIRHAM, HALAL CURRENCY, TRADE AND ECONOMY. WE WILL BE BRINGING YOU INTERVIEWS WITH PROMINENT DP MEMBERS AS WELL AS BREAKING NEWS REPORTS FROM A GLOBAL PERSPECTIVE. DP E-MAGAZINE IS AVAILABLE TO ALL MEMBERS AND WILL ALSO BE DISTRIBUTED TO AN EVEN GREATER AUDIENCE FROM ASSOCIATED GROUPS. DINAR PEOPLE IS ABOUT PROMOTING LINKS AND TRADE BETWEEN LIKE MINDED PEOPLE SO NATURALLY THE E-MAGAZINE WILL ALSO PROVIDE SOME VERY SELECT ADVERTISING DRAWN FROM OUR MEMBERS. MANY THANKS AND WE LOOK FORWARD TO PROVIDING YOU WITH THE E-MAGAZINE WITHIN THE NEXT FEW DAYS. DINAR PEOPLE TEAM

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2010 DGC Year In Review

JANUARY

January started off with DGC magazine naming Mr. James Turk the person of the year. This “sound money nomination” was in total contrast to Time magazine’s person of the year, “helicopter” Ben Bernanke.

Webmoney account holders now have access to a MasterCard

Webmoney set up a new business relationship with a company offering MasterCard PaySpark debit cards. Cards can be ordered through a Webmoney ID and loaded directly using WME purse. MasterCard PaySpark cards are denominated in Euro can be used to get cash quickly and easily from any ATM displaying the MasterCard logo.

UAE proposed gold legal tender coins

The Dubai Multi Commodities Centre proposed that the UAE Central Bank, for the first time in the modern history, issue gold coins that will be legal currency. In September 2007 the DMCC minted the first ever UAE commemorative gold coin featuring the Ruler of Dubai Sheikh Mohammed bin Rashid Al Maktoum. The proposed design for the new currency has the President of the UAE, His Highness Sheikh Khalifa bin Zayed on one side and the world’s tallest building, the Burj Khalifa, on the obverse.

Social Lending, a Webmoney loan service for social networks goes live.

“Social Lending” is a new service, offered by the WebMoney system for Facebook and V Kontakte users. Now social network users can instantly offer or accept Webmoney loans directly through these popular social networks. Both interest-bearing and interest-free loans are possible and there are no additional fees for structuring either type of loan.

FEBRUARY

Ukash expands network in Russia & Ukraine

Consumers can log-in at Roboxchange.com and select a Ukash voucher in any value from 10.00€ to 500.00€ and pay for it with Webmoney, Yandex.Money, RBK Money and others. RBK Money customers are able to use their wallet to order a Ukash voucher in

any value from 10.00€ to 500.00€. Mobile customers can access the new LiqPAY service in the Ukraine which makes Ukash vouchers available on mobile phones anywhere 24/7.

David Reed OSGold and OSopps Ponzi Scammer Now Under Arrest

Nearly seven years after his OSGold scam operation shut down and he moved to Mexico with the cash, authorities have finally arrested David Reed. David Copeland Reed, 38, was charged with conspiracy, money laundering and wire fraud in an indictment unsealed in U.S. District Court in Manhattan. The charges carry a prison term of up to 40 years. Worldwide, clients had opened about 66,000 accounts and transferred at least \$12.8 million to three bank accounts that he and his associates controlled. Prosecutors said an investigation into the case is continuing.

MARCH

GoldMoney announced new Hong Kong storage facility

GoldMoney became the first western dealer to offer its customers bullion storage facilities located in Hong Kong. Along with the Hong Kong storage facilities for gold GoldMoney plans to soon broaden the facility to include silver and platinum.

gBullion.com, A New Digital Gold Currency Opened

New Digital Gold Currency has now opened in the UAE <https://www.gbullion.com/> Users can exchange digital gold (gB) for real gold and obtain gold bars from a Vault located in UAE, or take delivery to specified address.

Professor William Greene on Ending the Federal Reserve

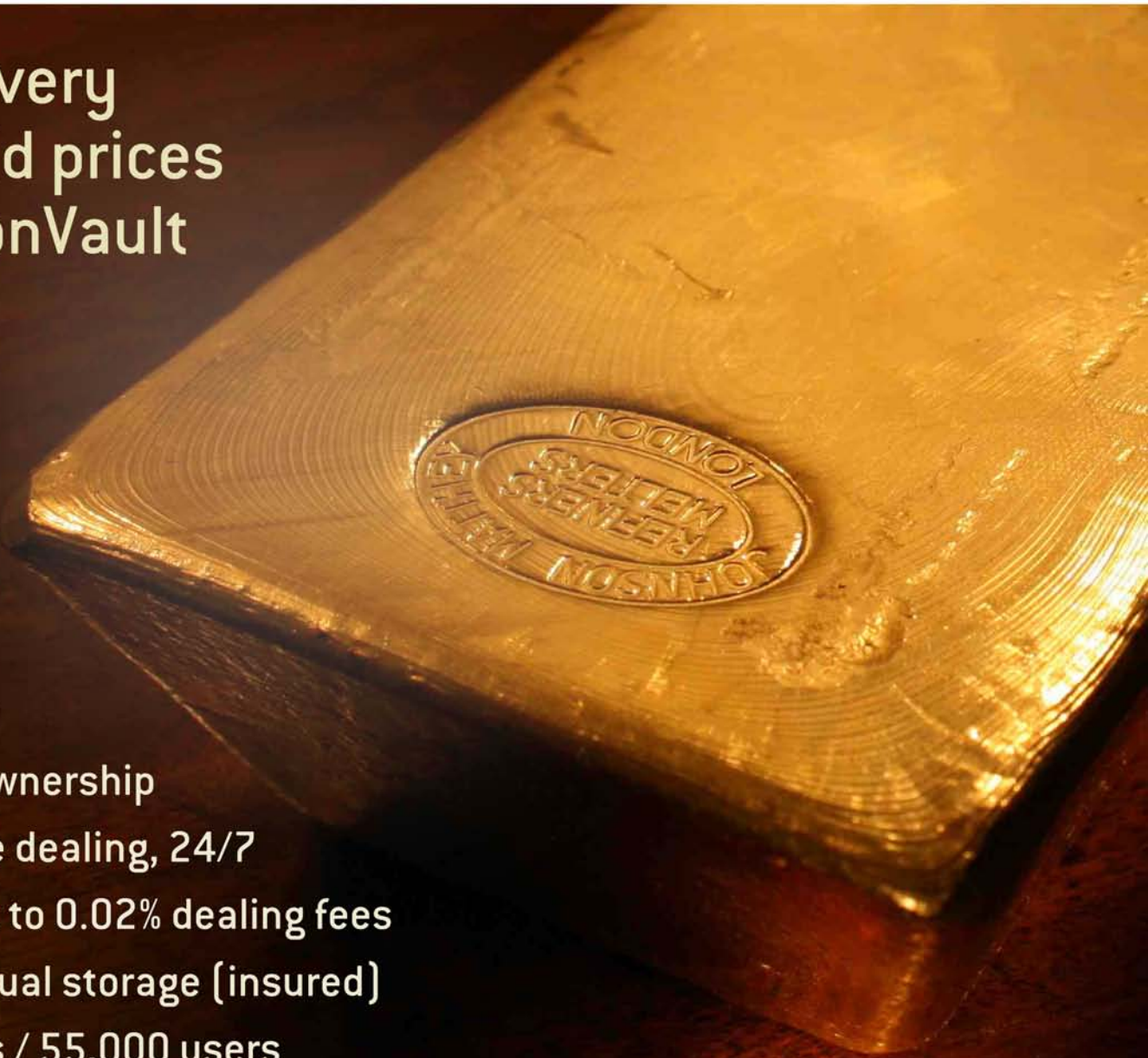
Bill Greene published a dynamite paper, Ending the Federal Reserve from the Bottom Up: Re-Introducing Competitive Currency by State Adherence to Article I, Section 10 (March 13, 2010). Available at SSRN: <http://ssrn.com/abstract=1570108>

APRIL

WebMoney Keeper Mini - 1 million registrations!

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The number of WebMoney Keeper Mini accounts passed 1 million! Keeper Mini is a brand new friendly interface designed for beginners or PDA device users who are just starting to get acquainted with WebMoney.

GoldMoney added silver & platinum option to Hong Kong storage facility

Following the recent launch of its new gold storage facility in Hong Kong, GoldMoney announced a further expansion of this facility including the storage of both customer silver and platinum.

11 million Webmoney Accounts

WebMoney Transfer passed 11 million account registrations. In under 4 months, the company added another million accounts. WebMoney software is now compatible with any browser, operating system or mobile device. Applications for Windows Mobile and iPhone went live in 2009.

Special DGC Magazine Issue: GATA Uncovers Market Manipulation in Gold Trading

<http://www.dgcmagazine.com/index.php/past-issues/digital-gold-currency-magazine-special-gata-2010-issue>

iGolder integrated PGP into their customer software

MAY

FinCEN RIN 1506-AA97 (Final Action May 2010)

“...This rulemaking proposes to amend the current MSB regulations in the following ways: By ensuring that certain foreign-located MSBs with a U.S. presence are subject to the BSA rules.” Expected changes to U.S. law Q1 or Q2 2011.

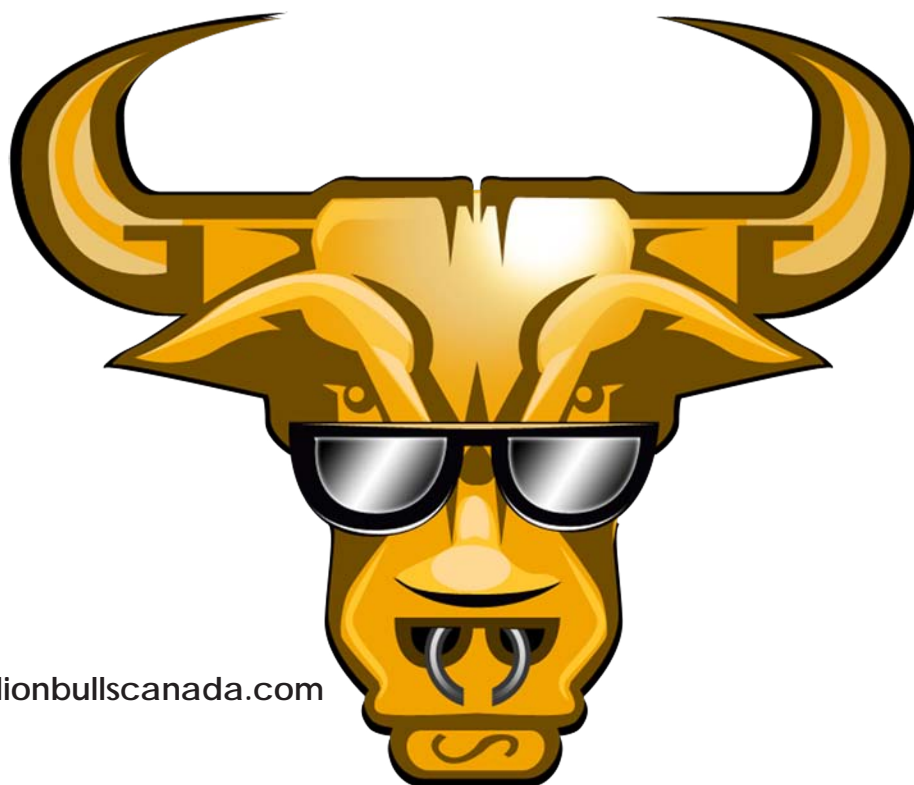
New WebMoney Keeper Classic version 3.9.1.0 Released

WebMoney released a new version of its Keeper Classic. New features and options include transaction confirmation via E-NUM application and the secure interaction with E-NUM storage has been improved.

JUNE

World Gold Council Buys Piece of BullionVault

The World Gold Council, the market development organisation for the gold industry, and Augmentum Capital, a growth capital fund backed by RIT Capital Partners, purchased a £12.5 million equity piece of BullionVault. Both Tim Levene, Partner at Augmentum, and Marcus Grubb, Managing Director of Investment at the WGC, will join the Board at BullionVault.



<http://www.bullionbullscanada.com>

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<http://www.goldmoney.com>

GoldMoney holdings pass US\$1 billion mark

GoldMoney is now storing more than US\$1 billion of assets on behalf of its customers. Thanks to particularly strong demand for physical gold, in the 18 months prior to June, the company achieved a record growth rate of 112%. This fact is based on an amount of US \$476 million in customer assets at the beginning of 2009.

Top up Thai mobile phones with Webmoney

www.webmoney-thailand.com has launched a real time gateway for funding mobile phones by all cellular providers in Thailand. Thai mobile phones can be topped up at any time from anywhere in the world with Webmoney.

New: direct gateway between WebMoney and Yandex.Money reopened

WebMoney reauthorized all direct exchanges with Yandex.Money. Customers can now link these different digital accounts and perform exchange operations in either direction via Banks.webmoney.ru or money.yandex.ru. This exchange had been terminated in late 2009 due to compliance issues. This transaction currently requires the user to be a verified customer holding a formal WebMoney Passport or identified by Yandex.Money. This new gateway allows transactions between linked accounts and also authorized exchange services.

JULY

Pamela Fayed's Alleged Killers Arrested

Two men were arrested in connection with the fatal stabbing in 2008 of Pamela Fayed. Steven Vicente Simmons, 21, was arrested without incident June 14 in Ventura County. Gabriel Jay Marquez, 45, was served with an arrest warrant while in custody of the Ventura County Sheriff's Department on an unrelated charge. Marquez is believed to have driven the getaway vehicle. The arrest of the two men brings the number of people involved in the alleged murder-for-hire scheme to four including James Fayed former operator of e-bullion.

AUGUST

GoldMoney Forms Global Non-profit Foundation Advancing Sound Money

The GoldMoney Foundation is a not-for-profit educational organization established in 2010 by GoldMoney Network Limited, a leading global provider of precious metals. The aim of the Foundation is to promote and support educational initiatives that expound the principles of sound money. Its scope is global. Thus, it is expected that over time the Foundation will become an influential addition to the well-established tradition of leadership in sound money that has been an important building block of GoldMoney Network Limited.

SEPTEMBER

GoldMoney partners with Equifax Canada to offer online identity verification for Canadian residents.

As of September 2010, GoldMoney now offers residents of Canada online identity verification through Equifax Canada. This provides Canadians the opportunity to open a GoldMoney account entirely online and transfer funds within 20 minutes. The ID verification service is being provided by Equifax Canada and is an expansion of the existing offering, which has been a success for GoldMoney customers in the US and UK.

WM dropped the fees for MasterCard from PaySpark delivery and set up

Webmoney announced that account holders can now have a PaySpark Mastercard delivered and activated free of charge. This MasterCard can be attached to a WMID allowing the funds from a WM purse to easily and instantly flow directly to the card. Cards can be used at POS and at ATMs around the globe.

U.S. Mint runs dry (again)

The US Mint informed its retailers, the delivery of the American Gold Buffalo was stopped completely, due to depleted stocks.

Malaysian State Launches Gold & Silver Islamic Currency

The Muslim-governed northeastern Malaysian state of Kelantan has introduced gold dinars and silver dirham coinage. This is in line with traditional Islamic teachings on the use of coins with intrinsic value as a medium of exchange, rather than paper money.

Open a Digital Gold Account in LESS THAN 1 MINUTE?



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- **Third party dispute resolution** • **Built-in reputation score** with feedback comments
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WebMoney now offers mobile phone top-up in 35 new countries around the world

New Top Up service now allows funds to be added to any mobile operator account in South-East Asia, Middle East, Africa, South and Central America. Mobile account credited instantly and exchanged debited from WMZ wallet in real time.

NOVEMBER

JP Morgan Silver Futures Complaint

JP Morgan Chase & Co. (NYSE: JPM) and HSBC Securities Inc. (NYSE: HBC) face charges of manipulating the market for silver futures and options in violation of federal commodities and racketeering laws, according to a lawsuit filed in the U.S. District Court for the Southern District of New York. The suit – which alleges violation of the Commodity Exchange Act and the Racketeering Influenced and Corrupt Organizations (RICO) Act – alleges that the two banks colluded to manipulate the market for silver futures starting in the first half of 2008 by amassing huge short positions in silver futures contracts they had no intent to fill, but did so to force silver prices down to their benefit. According to the lawsuit, JP Morgan and HSBC used a variety of methods to coordinate their manipulation of the market for silver futures contracts, signaling when to flood the COMEX market with short positions, which caused the price of silver futures and options contracts to crash. Plaintiffs’ attorneys have asked the court to certify the case as a class action and enjoin JP Morgan and HSBC from continuing their alleged conspiracy and manipulation of the silver futures and options contracts market. Attorneys also ask the court to award damages and attorneys’ fees to the class. If you have information you believe is important to the case, please contact Hagens Berman at 206-623-7292 or by e-mail at JPMorgan@hbsslaw.com

GoldMoney enhances security with ultrasound testing of gold bars

GoldMoney teamed up with GE Inspection Technologies to examine all of the gold bars stored in its vaults. Each bar is tested for foreign material and defects using this powerful ultrasound technology. This latest security procedure is a response to customer concerns regarding the integrity of stored gold. GoldMoney already guarantees through regular

inventory audits and a transparent chain of integrity that only the highest quality gold bars are purchased and stored on behalf of its customers. Once each bar passes testing with the ultrasound scanning device it is given the GoldMoney Digital Hallmark™ seal of approval. In November, one-third of the 1,300 gold bars in storage had been tested. Six bars with inconclusive scans were identified but assays of these bars confirmed they contained the gold content stamped on the bar. (Any bar that fails the ultrasound test is melted down, assayed and then recast into a new bar.) Testing of all gold bars will be completed in the first quarter 2011.

More information can be found on <http://www.goldmoney.com/gold-testing> including a video on ultrasound testing of the gold bars. Watch the video on YouTube: <http://www.youtube.com/watch?v=rh0Mcagio5Q>

New Russian e-money Rules Approved

In November the Russian government approved the text of a long-awaited bill that will regulate the Russian market for electronic payments. The National Payment System bill was approved by the presidium, chaired by Prime Minister Vladimir Putin. Once the new rules take effect, e-money operators like Yandex. Dengi and Webmoney will have to get a license from the Central Bank applicable to non-banking credit organizations.

SoftKey.net now takes Webmoney

In a strategic new business relationship, online supermarket and international software supplier SoftKey.net, began accepting Webmoney WMZ. This retailer sells a wide variety of products for home and office is a business unit of Softkey (Softkey JSC), a recognized leader of online software sales in Russia. The core activity of Softkey international online supermarket is sales of electronic versions of software from leading developers. The catalog has an extensive list of products, including operating systems, antivirus software, utilities and games, etc. Softkey is also a direct distributor for a large number of software development companies. This enables the company to not only guarantee attractive prices for customers, but also to offer users the chance to take part in various activities plus receive discounts and gifts.

“Pieces of Eight” Reprint Announced

Thanks to the generous support of James Turk and the GoldMoney Foundation, Pieces of Eight: The Monetary Powers and Disabilities of the United States Constitution is now in the process of being reprinted by R R Donnelley. This is a special run of the 2002 revised edition of the two-volume, 1,700+ page study of American monetary law and history with meticulously footnoted treatment of the monetary powers and disabilities of the United States Constitution. Dr. Edwin Vieira Jr, Pieces of Eight author, is the premier expert in this topic. He holds four degrees from Harvard, has argued several cases before the United States Supreme Court and is a prolific author.

DECEMBER

Sidley Inc. Unveiled Voucher-Safe and the coming PXgold

Voucher-Safe is an online mechanism for the secure, anonymous exchange of digital vouchers peer-to-peer between users, implemented as an extension to XMPP (aka Jabber), an instant messaging service. Because the P2P Voucher System is designed to emulate the model of circulating cash in the digital world, it works similarly. The voucher payment system itself is transaction agnostic, just as it is agnostic as to the nature of the backing asset.

<http://issuu.com/dgcmagazine/docs/digital-gold-currency-magazine-december-2010>

Use Webmoney to buy MOL Points!

WebMoney Transfer announces cooperation with MOL - the biggest Malaysian internet portal.

Steve Renner Inmate No. 14166-041

This month CashCards owner Steve Renner began serving his prison sentence as Inmate No. 14166-041 at FPC Duluth. Renner, 55, was sentenced in May to 18 months for income-tax evasion. See pg. 31

Top-up a Webmoney WMZ-purse using a Malayaian Filspay card

WebMoney Transfer announced an agreement with the Malaysian Filspay payment service provider.

Webmoney Moves Into Malaysia with Two Exciting New Business Relationships

WebMoney announces a new relationship with MOL the largest Malaysian internet portal, plus a new business agreement now permits Malaysian users to Top-up a Z-purse using a prepaid Filspay card.

MOL is a portal for a wide variety of online games, products and services from around the world, that can be purchased for MOL Points - universal online game



currency. Reload MOLPoints with WebMoney for your online gaming and shopping needs, or transfer funds to a friend to help them get in on the action too! Buy and Top-up MOLPoints with WebMoney Transfer - Now you can buy MOL Points for WMZ at a rate of 10 WMZ for 1000 points. <http://global.mol.com/global/portal/en/>

WebMoney has engaged in a business relationship with Filspay



payment service provider. WebMoney Transfer users in Malaysia now have an opportunity to top-up their Z purses by Filspay prepaid cards nominated in USD online. Cards can be purchased having a face value of 3, 10, 35 and 100 USD at physical retail outlets. Commission for purse top-up is 6%. Soon users will get an opportunity to buy Filspay cards using their bank accounts in most of Malaysian banks.

<http://www.filspay.com/English>



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WEBMONEY TRANSFER JOINED “MEGAPAY” SYSTEM (ARMENIA)

“Mega Panther” Company, which carries out activity under MegaPay trademark, announced the launch of cooperation with WebMoney Transfer international electronic payment system.

Mediamax was informed in “Mega Panther” that within the framework of cooperation, Armenian users of WebMoney Transfer system can replenish their electronic purses through payment terminals of MegaPay instant payment system.

In order to replenish the electronic purse, one should choose the button with “WebMoney” logo, enter the number of the purse, number of the mobile phone and make the payment. After the payment, a check will be issued to the payer. The purses can be replenished via 360 payment terminals, 283 of which are placed in the capital and 77 – in towns and villages of Armenia.

“We had been preparing for cooperation with WebMoney Transfer very thoroughly, and it is a great honor for us to represent in Armenia the company with a global name. We hope that cooperation will be lasting and mutually beneficial. In the nearest future, new services will be integrated into our system. We are sure that they will be useful for our customers”, Commercial Director of “Mega Panther” Georgy Khurshudyan stressed.

WebMoney Transfer payment system was established in 1998. From the day of its establishment, the system is open for free use by everyone in any part of the globe.

Today, the number of registrations in the system exceeds 12mln. WebMoney Transfer is the only online system of accounts, which carries out open daily statistics.

By iTel.am
<http://armenion.com/?p=1695>

Ron Paul to Help Oversee the Federal Reserve

Rep. Ron Paul, Texas Republican and author of “End the Fed,” will soon take control of the House subcommittee that oversees the Federal Reserve.

House Financial Services Chairman-elect Spencer Bachus selected Ron Paul to lead the panel’s domestic monetary policy subcommittee when the Republican party takes over the House majority this month.

Yes, this is actually happening.

The guy who wrote the book entitled, “End the Fed” will be overseeing Ben Bernanke’s central bank!

According to a Bloomberg national poll, more than 50% of all Americans are dissatisfied with the operation of the Federal Reserve Bank and believe that it should either be brought under tighter control or simply abolished. Many Americans hope that Dr. Paul will be able to rein in the excessive power of the Fed.

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LOOM



OF THE NEW CASH

THE FUTURE OF PRIVATE MONEY

BY SIDD --CO-FOUNDER OF PECUNIX --CO-CREATOR OF VOUCHER-SAFE

Since the early 1990s forward thinkers have been discussing various technologies that could be used for private money. With the arrival of strong cryptography and the Internet, digital cash in the form of “Digital Bearer Certificates” became a real possibility. In this article we will look at the history behind the idea of bearer certificates and why it is more relevant today than ever before.

The history of warehouse receipts as means of exchange.

Since around 330 BC in Ancient Egypt warehouse receipts have been used as a form of money. Farmers deposited grains in secure warehouses and received written receipts for specific quantities of grain. The receipts could be returned and exchanged for the grain when needed. These receipts were much easier to carry, store and exchange than bags of grain, so they were used as a secure and convenient form of payment. The warehouse receipt itself had no inherent value; it was only a symbol for something of value. These highly successful ancient grain

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banks eventually evolved into the goldsmith banks in seventeenth century England.

These were the early days of the mercantile revolution when gold and silver coins were the common money. No banks existed in England at the time so people stored their wealth with the leading goldsmiths of London, who already had stores of precious metal in secure private vaults. For each deposit of precious metal, the goldsmiths issued paper receipts certifying the quantity and purity of the metal. Like the grain receipts, the goldsmiths' receipts soon began to circulate as a safe and convenient form of money backed by the gold and silver in the vaults. These receipts represented a promise by the goldsmith to exchange the receipt for a certain amount and quality of metal, and were "negotiable" in that anyone (the bearer of the receipt) could present the receipt to the goldsmith and take possession of the metal.

The system of goldsmith receipts worked exceptionally well so the obvious question to ask is why, if the warehouse receipt system worked so well, did it not continue to be used through to the present?

THE DECLINE

With their warehouse receipts working extremely well as money, and earning a decent fee for storing the precious metal, the goldsmiths became well known and prosperous. It was not long before people began asking the goldsmiths to lend them money. Merchants needed to expand, farmers wanted to buy more land, the borrowed money could facilitate wealth and prosperity. The goldsmiths soon learned that they didn't need to lend their own gold. They could simply write out more receipts to "create money", even if they didn't have the metal in their vault to back them up. Nobody except the goldsmiths knew how much gold they had in their vaults, or how many receipts they had issued. The receipts were still accepted at their full value, even though in reality there was not enough gold to back them up. A subtle change had happened; the goldsmiths had become bankers, and the papers they were issuing were no longer warehouse receipts, but had become bankers' notes (bank notes). The

paper was no longer backed up by real metal in a vault, but by the bankers' promise to pay the bearer the value on the note. It is obvious that these new bankers were being dishonest, and ultimately their fraud was revealed and the system collapsed.

The problems with the early goldsmith bankers were caused primarily by a lack of adequate financial governance. What the goldsmiths lacked was a system that would keep them honest and would allow their customers to have reasonable certainty that the warehouse receipts they were using truly were as valuable as claimed. If those early bankers had allowed or encouraged their customers to elect a trustworthy member of the community to act as an auditor of their affairs, the problem would not have arisen. The auditor would simply examine and count all the precious metal in the vault, then examine the banker's receipt book. It would be instantly obvious if there was a difference in the amount of reserve and the value of the issued receipts. If the people who used the receipts for trade trusted the auditor they could always be confident that the receipts had full value.

Unfortunately instead of implementing honest auditing and keeping the money supply private, the government stepped in and started to regulate the banking industry. This was the beginning of the end for anything remotely resembling honest money. Money has degenerated over the years to the point that it is highly dishonest and untrustworthy. Bankers and governments do an extremely poor job of protecting the wealth of the people who trust them and the current runaway inflation and financial breakdown is perfect evidence of this. As we watch government money steadily decline in value, we need to replace it with money of real substantive value.

WAREHOUSE RECEIPTS TODAY

In the early 1990s, Nick Szabo coined the term "Digital Bearer Certificate" and described it as a broad term incorporating various technologies. A digital bearer certificate may come in various forms such as digital cash, digital warehouse receipt, digital certificate of deposit, digital credit note, etc. Each of these forms may also come in various

forms: digital cash may be cryptographically blinded or not, it may be one-use only, it may have cryptographic integrity or not, etc. "Cryptographic Warehouse Receipt" describes a specific type of digital bearer certificate which uses modern technology to implement exactly the same idea as the goldsmiths' receipts of old. Warehouse receipts are an established principle still used in modern society, most commonly for agricultural and industrial trade, and have an established legal status. Most warehouse receipts are issued in negotiable form so they can easily function as a money substitute.

The technology is available to create a system of gold or silver (or any commodity) warehouse receipts issued by an efficient and secure computerized system under a policy of strong governance. Using modern highly secure cryptographic techniques and combining this with the Internet, we can efficiently facilitate both local and international exchanges between traders, merchants and their customers.

If we use a computer to create the receipt, the issuing warehouse can cryptographically "sign" the document to guarantee its authenticity. It isn't possible for anyone to create counterfeit warehouse receipts because they don't have the signing key. The receipts can be digitally stored in a database or as text files, and can be passed from person to person using Internet facilities such as e-mail and instant messaging. As long as there is always a strong governance system in place, people who use these warehouse receipts can be confident that the receipt has real value.

After the historical success and failure of warehouse receipts, it is reasonable to ask what relevance they have today. Right now we are experiencing a serious crisis in the fraudulent money system currently run by bankers in collusion with corrupt governments and we need to create a practical and honest alternative. During the last 15 years we have seen various experiments in private money issuance based on gold, with the most successful being e-gold, the Liberty Dollar and various clones of e-gold such as GoldMoney and Pecunix. These private money systems have served their purpose well as experiments, but unfortunately have flaws

and consequently do not appear to be resilient enough to survive. Bankers and governments don't easily accept honest competition and these early experiments have recently come under attack. Both e-gold and Liberty Dollar have been charged by the United States authorities with alleged offenses ranging from "money laundering", unlicensed money transmitting and fraud.

As the pioneer in online digital money, e-gold is an excellent case study that can help us develop private money into the future. Although e-gold models themselves as an issuer of digital gold currency, their main function is more in the line of an account based payment system. This means that they are able to control who uses their system and how their system is used, and the government expects them to do that. If we look at the Federal Reserve Bank (that issues US Dollars) we can see that they don't have this problem. Once they have printed the money and distributed it into the world, they have absolutely no control on who uses the money or how it is used. Consequently it would be impractical to accuse the Federal Reserve Bank of facilitating crime and they can plausibly deny knowledge of any alleged crime. In the case of e-gold, it is much easier for law-enforcement agencies to accuse e-gold of facilitating crime than it is for them to find and charge the real criminals, as they must do if Federal Reserve notes are used.

Furthermore, e-gold has no way to plausibly deny any knowledge of the alleged crime because they have complete records of every e-gold transaction. The introduction of cryptographic warehouse receipts would put the issuer in the same position as the Federal Reserve Bank in terms of plausible deniability and could protect the issuer from frivolous attacks by lazy law-enforcement agencies. Clearly the current political and legislation regime in the world does not encourage private currencies in the way they have been implemented to date so innovators need to come up with new systems to challenge the status quo.

Research indicates that there is a distinct change in human consciousness rapidly spreading throughout the world. Perhaps it is due to the facilitation of massive and instant information exchange through

the Internet, but no matter what facilitates this process of change, people are waking up to the realities of life under corrupt, violent controlling governments. The world is ready for honest money that puts the economic power back into the hands of the people who produce, and forces governments to work as they should. The issue of gold based money in the form of warehouse receipts suits this new paradigm perfectly.

Payments between people, merchants and customers using well governed cryptographic warehouse receipts are secure, private and highly resistant to government interference. The larger the number of independent private money issuers, the more resilient the system will become. Today we have the ideal situation to use this type of private money for worldwide trade. We have extremely efficient computer and Inter-network systems and modern highly secure cryptographic techniques. It's time for people to take back the control of their wealth and money, and one way to ensure this is for them to return to the system that stood the test of time (approximately 2500 years). Using precious metals, gold and silver as money, combined with the efficiency, security and privacy offered by cryptographic warehouse receipts is a viable solution for honest worldwide commerce in the future.

Reference:

- 1 http://en.wikipedia.org/wiki/Social_evolution_of_money
- 2 <http://en.wikipedia.org/wiki/Banknote>
- 3 http://szabo.best.vwh.net/bearer_contracts.html
- 4 <http://anoncv.s.aldigital.co.uk/lucre/theory2.pdf>
- 5 <https://ffj33ewbnoeqnup.onion.meshmx.com/doc.php>
- 6 http://en.wikipedia.org/wiki/Warehouse_receipt

Recent Loom Updates



Sat 2010-12-18 :

Concurrent Reads and Writes

Getting rid of the GNU database, which uses a central lock, and switching to the use of individual files for all data storage. I am very close to releasing this now. This will allow massive parallelism on a very busy server, with thousands of processes all doing their own thing without having to wait their turn to use a database. The approach I use is commonly known as "optimistic concurrency."

Much of the code remains unchanged, still using simple naive "put" and "get" operations. But now these are layered on top of a transactional buffer which, when all is said and done, calls the Loom::File::update routine to do a safe, reliable, atomic commit. If the commit fails, the original HTTP query is run again from scratch as if nothing happened. This continues until the commit succeeds, which the laws of probability guarantee will eventually happen. All of this is transparent to the core logic of the server.

In this new version, when we charge or refund usage tokens, we don't bother moving them to or from the usage token issuer location anymore. That would become a point of contention in a busy system, with many processes trying to update the single issuer location, causing many retries due to commit failures, and becoming a performance bottleneck.

As a result of this policy, we must relax the normal constraint which demands that at all times, the sum of the balances at all locations must equal -1. This is no longer true of asset type zero (usage tokens).

Sat 2011-01-01 :

Concurrent Reads and Writes Now Done

Loom uses only the file system for data storage now, with no central locks and no GNU DB. The source code for this new Version 103 is available here: <https://loom.cc/>



FAIRTRADE GOLD?

Fairtrade gold will be launched in the UK in 2011, and later introduced internationally



Small scale gold mining and production, which employs close to 100 million people around the globe could soon be changing.

All those commonly identified mining issues such as exploitative labour practices, evil supply chains, environmental damage and workers trapped in a "horrific cycle of poverty"yes, all of this, which is better known collectively as the "free market" could soon be ending for some gold producing areas.

Next year, the Fairtrade Labelling Organisation is moving to introduce independent certification for gold. <http://www.fairtrade.net>

The goal of this group, at least in the short term, is to level the playing field for producers in the developing world, while providing interested consumers with peace of mind. They hope to eventually capture 5% of the gold jewellery market.

New "Fairtrade Standards" will impact miners in the following areas:

- **Miners will be guaranteed a minimum price for their gold, no less than 95% of the London spot price.**
- **In addition, miners will receive a Fairtrade Premium for gold that has been extracted without chemicals. (10% of the spot price, or 15%)**
- **Certified miners will use only safe procedures in the extraction of gold, with chemicals reduced to a minimum and in many cases eliminated.**



IT'S TIME FOR HONEST MONEY IN GEORGIA

by Chuck Donovan

Dear Friends of Liberty,

The Georgia Assembly has before it a piece of legislation that will financially benefit our state. Bill Greene, PhD, is the author of the Constitutional Tender Act (HB3). I've read HB3, heard Dr. Greene speak, and read his papers including the paper he presented at the MISES Institute. **I believe HB3 is the single most important piece of legislation before the Georgia legislature for 2011.** It forces the State of Georgia to comply with Article 1, Section 10, Clause 1 of the United States Constitution.

- **“No State shall enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts; pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligation of Contracts, or grant any Title of Nobility.”**

Our Federal “representatives” have decided to ignore this part of the Constitution. Georgia HB3 begins returning our country to honest money by holding The Georgia State government to a verifiable and Constitutional standard.

House Bill 3 needs cosponsors and supporters to get passed the Georgia Assembly and signed into law by the Governor.

This single Bill will force the Federal Reserve from our lives thereby protecting our retirements from the ravages of inflation. Vladimir Lenin said; “The way to crush the bourgeoisie is to grind them between the millstones of taxation and inflation.” Let us fight against the crush of our failing dollar.

When this Bill passes you will hear a rush of new bank accounts opening in Georgia thereby halting bank failures all over the state.

Dr. Greene tells us the most powerful way to over come the banking lobbyists in the State of Georgia, who oppose this Bill, is the number of letters we get onto the desks of our representatives. I ask that you get your family and friends, acquaintances and neighbors to write

their representatives and ask that they co-sponsor this Bill.

Follow Steps 1, 2, and 3 below. Ask at least two other people to do the same.

Imagine 500,000 letters on State Representative desks between now and the opening of session in January.

The fight for liberty never ends. This is a small thing for you to do that will benefit your fellow Georgians, their families, their prosperity, and their freedom.

In liberty,
CHUCK DONOVAN

The mission is liberty. The vision is now.

Posted on 16 December 2010 by Chuck Donovan

<http://www.donovanforsenate.com/blog/hb3-honest-money-in-georgia/>

Follow these steps – at least to Step #4 – to give your fellow Georgians an opportunity to conduct business with honest money:

1. Find your Georgia State Representative: www.Find Your Legislator <http://www.legis.state.ga.us/legis/FindLegislator.htm>
2. Phone, email, and Facebook contact for your representatives: www.Contact Your Legislators http://www.legis.state.ga.us/legis/2009_10/house/alpha.html
3. Use the online letter here to copy and send via email: www.Constitutional Tender <http://constitutional tender.blogspot.com/2010/12/contact-your-ga-representative.html> OR Print out HB3 Letter to GA Assembly <http://www.donovanforsenate.com/wp-content/uploads/2010/12/HB3-Letter-to-GA-Assembly.pdf> , fill it out, sign it, and mail the letter to your representative. **Be certain to sign the letter and put your name and the name of your State Representative or State Senator on each letter.**
4. Have at least two of your friends do the same. We want as many Georgians contacting their representatives as possible.
5. Follow the progress of the bill here: HB3 Bill Progress <https://spreadsheets.google.com/cc?key=0AmropTJjc6wqdHFrWIJXTzldEtIcER6R0JCeIhHcWc&hl=en&authkey=COjBuboD>



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OPEN-TRANSACTIONS:

What is interesting about Triple-Signed Receipts?

Triple Signed Receipts

<https://github.com/FellowTraveler/Open-Transactions/wiki/Triple-Signed-Receipts>

What is interesting about Triple-Signed Receipts?

Consider: If I sign cheque #45 and give it to someone who then cashes it, the money will come out of my account, and I'll get a receipt. And if that person tries to cash it again? No problem... the server can see that it already processed cheque #45, so it refuses to process it twice. I am protected. But... only because the server, in this example, maintains a list of cleared cheque numbers. I am also relying on the server to "play nice" and only process cheques once. But what if the server itself is malicious? (Perhaps the cheque is made out to them, and they want to run it through multiple times, keeping the money each time.)

In such a dispute, I'd say, "Where is all my money?" If they said, "We don't know," but meanwhile my last receipt—with the server's signature on it—shows a balance of a thousand clams, yet the server has nothing else with my signature on it (to prove why the balance should have suddenly changed), then they are clearly liable for whatever money is missing.

To avoid that situation, they'd have to say, "The money went out from these 10 cheque payments." Of course they cannot prove such a claim without producing the signed cheque receipts. And when they do that, it will become instantly clear that the same cheque, number 45, was run through multiple times,

and thus the transactions are all invalid. There is no escaping this discovery, since the server cannot forge my signature and put whatever transaction number it wants onto a cheque.

The point? Whether the server has to defend against malicious users running the cheque through twice, or whether I have to defend myself against a malicious server doing the same thing, either way, both sides are thus forced to store the transaction history forever, in order to cover their ass in the case of any dispute.

It's time for a new way: Destruction of Account History

Double-entry bookkeeping was a huge leap forward in the economic progress of the West, as it made it possible for balances to be proven and for fraudulent activity to be rooted out and pinned onto specific people. Unfortunately, as explained above, the storage of transaction history is a necessity for accomplishing this. If you do not have all of the transactions recorded, then you are no longer able to "balance the books".

Yet today we live in the age of strong crypto, where it is easy for me to produce a transaction request with an unforgeable digital signature, and for the server to include a complete copy of this signed request inside its signed reply. I cannot prove anything later without producing that server reply, and if I do that, I will have thus also produced my original signed request,

since a copy of it is included within the server reply.
=> If each of these receipts also includes a new, signed, balance agreement, then it is no longer necessary for the server to store any previous transactions at all, since he already has my (unforgeable) signature on the current balance!

=> If, furthermore, that same, signed-by-both-sides, balance agreement also includes a signed list of all of my still-uncleared transaction numbers, then as a user, I am assured that I cannot later be nailed with some mystery transaction, even if it has my signature on it.

Huh? How does that work? I'll explain: if I really did authorize a given cheque, then not only will the server have my signature on the cheque, but it'll also have my signature on the list of authorized (single-use) transaction numbers assigned to me—and the cheque's number appears on that list! That's how the server proves that I really authorized the cheque. But... once the server clears the cheque, then a cheque receipt with the cheque number on it goes into my inbox. The server cannot clear the same cheque twice

without either (a) failing to give me the receipt the second time around or (b) giving me a receipt with the same cheque number TWICE in the same inbox.

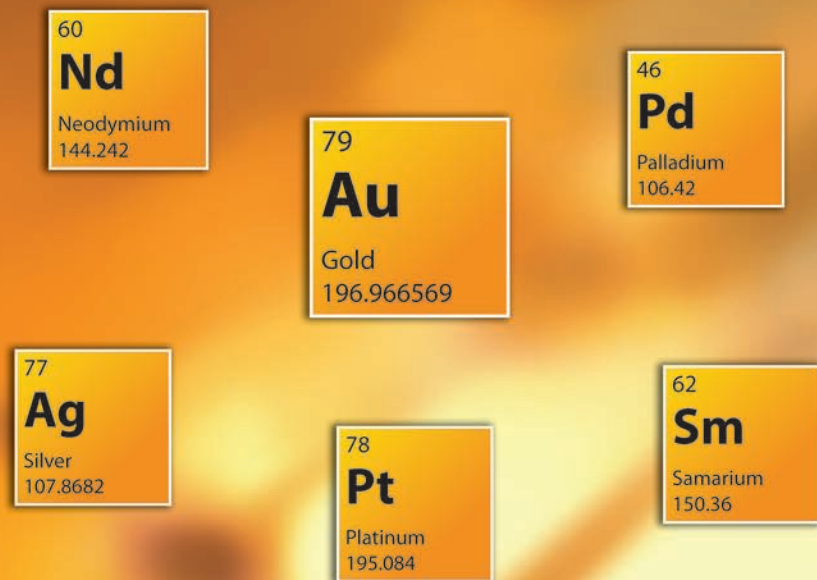
What about the case where I accept the receipt (to remove it from my inbox) and then a malicious server runs the cheque through again? This is not possible, because by then it's already too late: the updated list of transaction numbers was already signed again by both sides, and the cheque number was therefore already removed from that authorized list, vis-a-vis the process of accepting the original receipt. (The "List of uncleared transaction numbers" is signed, like the balance agreement, by both client and server any time the client requests a transaction or accepts a receipt.)

Meaning: I have the server's signature and timestamp proving that I am not responsible for that transaction number anymore, as of the timestamp on the receipt. So unless the malicious server can somehow come up with a newer receipt, where I re-take such responsibility, I'd win the dispute.

To me the amazing part of all this isn't that the bal-

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ances are proved, or that the authenticity and authorization of an instrument can be proven. The amazing part, rather, is that it is done while simultaneously eliminating any need to store the account history, on both sides! Server and client only need to store the latest signed receipt, and the winner in any dispute is the one with the newer receipt.

Because all parties must sign off on any transaction, and because receipts are provided in all directions, the layers of proof are pretty comprehensive. For example, take a look at the receipts received by all parties during an account-to-account transfer:

ALICE

- Alice gets the server’s signature on her transfer request (whether it is accepted or rejected, she still gets a signed receipt.)
- She gets Bob’s signature (in her inbox) accepting her transfer when he processes his own inbox.
- She also gets the server’s signature on that when it happens.
- Coming soon: she’ll also get the server’s signature on an agreement of balance at the same time.

BOB

- Bob gets Alice’s signature sending the original transfer, which appears in his inbox.
- He also has the server’s signature on that
- Then, when he accepts her transfer, he will get a signed receipt from the server when his balance is updated.
- Coming soon: he will also have a signed balance agreement from the server at this time.

THE SERVER

- The server gets Alice’s signature on the transfer request.
- The server gets Bob’s signature accepting Alice’s transfer.
- The server gets Alice’s signature acknowledging Bob’s acceptance (when she removes his accept notice from her inbox.)
- Coming soon: the server will also have Alice AND Bob’s agreement on both of their balances, allowing the server to destroy any other records.

CASHCARDS OPERATOR STEVE RENNER NOW IN PRISON

This month CashCards owner Steve Renner began serving his prison sentence as Inmate No. 14166-041 at FPC Duluth. Renner, 55, was sentenced in May to 18 months for income-tax evasion. He was indicted in September 2008 and convicted in December 2009. The Duluth FPC is a “minimum security” facility located at the former Duluth Air Force Base.

Renner was convicted in December of four felony counts of tax evasion after a six-day jury trial. The case stemmed from his operation of Cash Cards International (CCI), a payment processing company. In the tax case, prosecutors said Renner diverted customers’ money held by CCI “to pay his living expenses as well as to make personal investments in coins, oil wells, art, stamps, vintage musical instruments and to promote his blues-rock band, ‘Stevie Renner and the Renegades’”. The IRS is in the process of determining how much money Renner still owes to the government.

Renner’s legal troubles are not over. In February, the U.S. Secret Service said there was probable cause to believe he was operating an international Ponzi scheme through INetGlobal and affiliated companies.

Federal prosecutors have seized about \$26 million in a probe into INetGlobal’s business practices. Renner has not been charged in the case, which prosecutors described as a “major” money-laundering investigation.

Renner’s conviction occurred prior to allegations by the U.S. Secret Service that he was operating a Ponzi scheme through INetGlobal and related businesses.

A federal probe into Renner’s business practices continues. He has not been charged with a crime, has denied wrongdoing and is presumed innocent until proven otherwise.

Sources: <http://www.patrickpretty.com>

Special thanks to Patrick for all his detailed detective work.



CENTREGOLD

Buy WebMoney with credit card

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

As well as being able to sell it quickly while being located anywhere on Earth, and having no need to physically carry it with yourself.

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

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

<http://cg2wm.com>.

Update: new and very demanded payment methods are coming.

Go and see it yourself.



GOLD RELOADED

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

<http://www.centregold.ca>

A Note from our friends at egold.pk (Pakistan)

1. Documentary Video

We have developed a documentary video on the modern gold dinar movement. We encourage all of you watch it, and also refer its link to your friends and family. We can also make DVDs available at cost price upon request. Here is the link to the video: <http://www.dinarwakala.com/Home/GoldDinarOfMadina>

A music-free version of this documentary may be created in future, upon demand, if it manages to generate sufficient interest in the more religious circles.

2. Gold Price Alert

Gold has been trading at \$1430/oz, but has currently receded to \$1368. We believe this is a significant decline. While it is impossible to call out a bottom, but considering that many large funds close their books in December, it is very likely that this current downward price move is a temporary phenomena and prices will quickly rise when business activity starts again in January next year. We suggest to all our clients that if you are considering converting your assets to gold and silver, now is a good time to do so. While a further drop in prices cannot be over ruled, prices will eventually rebound especially in the wake of the planned QE2 in the United States. *(Please note EGold is not a financial institution and is not authorized to offer investing advice. The above only constitutes a general commentary on the market. Egold is not liable for any potential loss that may directly or indirectly occur from the above advice)*

3. Dinar Wakala Coins

EGold Pvt. Ltd. (Pakistan) has partnered with Dinar Wakala LLC, (USA), a Texas based company, to purchase gold and silver coins at cost price. These coins would be certified by AOCS, an independent American body that certifies and regulates the quality of coins for a number of different clients. We are offering our customers to purchase these coins at zero-premium.

The way it shall work is as follows:

1. Customer contacts us on willingness to purchase coins (dinars or dirhams) for a specific amount of money.
2. Customer deposits that money in EGold's business account at Barclay's bank.
3. EGold aggregates all orders and sends the money to Dinar Wakala USA.
4. Dinar Wakala increments its own coin manufacturing order with the additional orders coming from Pakistan. Same volume discounts will be applied to the complete order which is roughly \$16 dollars per dinar coin and \$1.25 per dirham coin.
5. Coins manufactured will be shipped back to Pakistan and distributed to all the people who had ordered.

Wire Transfer and shipping charges will be distributed equally among all clients.

We believe that obtaining coins in this way will be more cost effective for our clients then if they try to get them directly from WIM, whose rates are published here: (<http://www.islamicmint.com/main.html>)

Thanks

Asif Shiraz

Gold Dinar Evangelist

www.egold.pk

Gold ATM Vending Machine Arrives at U.S. Shopping Mall

On December 18, 2010 Palm Beach Post staff writer Allison Ross had some good news for us all!

It seems the gold bullion vending machine or “ATM” as some call it, has finally made it’s way to the U.S. We have previously seen these machines installed in Abu Dhabi hotels and airports in Germany but never has this bulletproof beauty been available to American consumers until today. The Town Center Mall in Boca Raton, Florida now has one of these gold bullion vending machines.

The Gold to Go vending machine, is a product of TG-Gold-Super-Markt, a brand of German company Ex Oriente Lux AG. DGC Magazine displayed the new machines back in April 2010 as they appeared at the 5-Star Deluxe Emirates Palace Hotel in Abu Dhabi. Other machines are located in Italy and Spain.



Several people interviewed for the Palm Beach Post article all offered classic “American” negative opinions. Here are three blubs from the article:

- ***Steve Pomeranz, a certified financial planner in Boca Raton, said the vending machine is an indicator that the gold market has reached its peak.***
- ***Sean Brodrick of Jupiter-based Weiss Research...”These machines are one more way for fools and their money to be parted,” Brodrick said.***
- ***Boca Raton resident Maurice Finkel, 78...”I think that’s a pretty good idea right there,” he said, nodding at the contraption. “But right now, gold is so high, who would buy it? It’d be better if there were a way you could sell your gold to (the machine).”***

More information on these wonderful machines can be found on the company’s web site: <http://www.gold-to-go.com/en/the-gold-vending-machine/the-gold-vending-machine/> or you can bounce over to read Allison’s story here: <http://www.palmbeachpost.com/money/vending-machine-at-bocas-town-center-dispenses-gold-1129560.html>

Anybody Seen Our Gold?



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

Who are we?

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

GOLD ANTI-TRUST ACTION COMMITTEE INC.

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CPowell@GATA.org

GATA welcomes financial contributions, which are federally tax-exempt under Section 501-c-3 of the U.S. Internal Revenue Code. GATA is not a registered investment adviser and this should not be considered investment advice or an offer to buy or sell securities.

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Utah Residents Now Pondering Sound Money

Utah Sound Money Act

To amend Title 59 of the Utah Code Annotated, relating to revenue and taxation, so as to provide a short title; to provide legislative findings; to authorize Utah Governmental Entities to use Registered Specie in the course and scope of Utah Intrastate Commerce, including the collection and return of taxes and fees; to likewise recognize the right of Utah Taxpayers to do the same; and to provide for the formation, operation and regulation of Utah Intrastate Commerce Cooperatives to facilitate and promote Utah Intrastate Commerce using Registered Specie or other forms of gold and silver coinage as the medium of exchange.

BE IT ENACTED BY THE UTAH STATE LEGISLATURE:

SECTION 1.

Title 59 of the Utah Code Annotated, relating to revenue and taxation, is amended by adding a new chapter to read as follows:

CHAPTER 28

PART 1. General Provisions.

59-28-101. Title. This chapter is known and may be cited as "The Utah Sound Money Act."

59-28-102. Legislative Findings. The Legislature finds and declares that:

1. Article 1, § 1 of the Utah Constitution expressly recognizes that all people have the inherent and inalienable right to acquire, possess and protect property;

2. Article 1, §§ 7 and 14 of the Utah Constitution as well as the fourth and fifth amendments to the United States Constitution further affirm the right of the people to be secure against warrantless searches

and seizures as well as against forfeitures of property absent the due process of law;

3. In exercise of the foregoing rights, Utah Taxpayers have acquired and do possess gold and silver coin, for the protection and security of which they are entitled to reasonably rely upon state and local government as well as upon themselves;

4. Article I, § 10 of the United States Constitution provides that no state shall make anything but gold and silver coin a tender in payment of debts;

5. Pursuant to 12 United States Code § 411 Congress has granted an exclusive franchise to the privately owned Federal Reserve Bank, acting as the central bank of the nation, to issue Federal Reserve Notes as legal tender of the United States;

6. Since the founding of the Federal Reserve Bank system in 1913, Federal Reserve Notes have lost more than 95% of their purchasing power;

7. During that same time period of time, from 1913 to the present, as well as throughout the entire course of recorded human history, gold and silver coin have reliably retained their purchasing power, although subject to periodic fluctuations in value;

8. Because sound, constitutionally based money, which over time tends to retain its purchasing power is important to the livelihood of the people of this state, to the continued solvency of the state government, as well as to the stability and growth of the Utah economy, the circulation and use of gold and silver coin within the course and scope of Utah Intrastate Commerce vitally affects the public interest; and

9. Pursuant to the limited, enumerated powers granted by the People to Congress under Article I, § 8 of the United States Constitution as well as pursuant to the

10th Amendment thereto, the citizens of the State of Utah acting through this Legislature and other duly elected officers of state government retain primary jurisdiction over the regulation of Utah Intrastate Commerce.

59-28-103. Definitions. As used in this Chapter 28, the following words and phrases, whether in their singular or plural forms, bear the specific meanings expressly set forth below:

- "Base Coinage" means all coins of the United States, wherever minted, that were or are required, by the statutes authorizing their issuance, to be composed solely of base metals.
- "Federal Reserve Note" means paper legal tender issued by the Federal Reserve Bank pursuant to authority granted under 12 U.S.C.A. § 411.
- "London Fix" means the price in United States dollars per Troy ounce of fine gold and silver, respectively, set at approximately 3:00 pm GMT each business day by agreement between London's five largest bullion banks: Bank of Nova Scotia-Scotia Mocatta, Barclays Bank, Deutsche Bank, HSBC Bank USA, and Société Générale.

• "Registered Specie" means all gold and silver coinage listed in the Utah Specie Registry published by the Utah State Treasurer.

• "Utah Governmental Entity" means each branch of the government of the State of Utah, together with each of its political subdivisions, including all of their respective departments, agencies and divisions.

• "Utah Intrastate Commerce" means any exchanges whatsoever conducted entirely between and among Utah Governmental Entities, Utah Intrastate Commerce Cooperatives, or Utah Intrastate Cooperative Members, as well as exchanges by which Utah Taxpayers acquire real, personal or intellectual property, goods, labor or services intended exclusively for consumption, use or performance wholly within the state of Utah from any one or combination of the foregoing entities as well as from other Utah Taxpayers, so long as the items exchanged had been derived entirely from Utah Resources.

• "Utah Intrastate Commerce Cooperative" means a limited liability company formed and existing pursuant to Chapter 2c of Title 48 of the Utah Code Annotated whose articles of organization or operating agreement contains the following

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provision:

Each member of this company shall be a "Utah Intrastate Cooperative Member" as defined in U.C.A. § 59-28-103, operating within the company as an independent profit center and paying dues or assessments to company management to perform centralized managerial functions on a non-profit basis, including but not limited to the following services: consolidated tax filings, regulatory compliance, legal advice and representation, centralized purchasing and contracting using, as necessary, Federal Reserve Notes or other legal tender of the United States of America as a medium of exchange in either interstate or intrastate commerce, and performing contract obligations to the State of Utah undertaken pursuant to U.C.A. § 59-28-502.

- "Utah Intrastate Cooperative Member" means any legal entity formed and existing under the laws of the State of Utah, which carries on all of its business operations on a debt-free basis as a member of one or more Utah Intrastate Commerce Cooperatives exclusively within the course and scope of Utah Intrastate Commerce, using Registered Specie as its sole medium of exchange.
- "Utah Resources" means resources originating from and continuously located within the State of Utah, or resources which subsequent to their arrival in the Utah were dedicated for exclusive consumption, use or performance within Utah.
- "Utah Specie Registry" means that registry which is maintained and published by the Treasurer of the State of Utah, setting forth the specific types of gold or silver coin that Utah Governmental Entities are authorized to accept from or tender to Utah Taxpayers or other Utah Governmental Entities in the course and scope of Utah Intrastate Commerce.
- "Utah Taxpayer" means any person or entity which has at any time within the preceding twenty-four months paid taxes or fees to, or filed one or more tax returns with, any Utah Governmental Entity, either individually or on a consolidated basis through any Utah Intrastate Commerce Cooperative.

PART 2. Transactions in Specie.

59-28-201. Standing Specie Offer. All Utah Governmental Entities are hereby deemed to have made a standing offer to each other as well as to each and every Utah Taxpayer to use Registered Specie as a medium of exchange not only with respect to the collection or return of taxes and fees, but also in connection with any other transaction within the course and scope of Utah Intrastate Commerce, such standing offer, however, being at all times subject to all conditions, limitations and provisions of this chapter.

59-28-202. Voluntary Use of Specie. No Utah Governmental Entity shall have the right to compel any Utah Taxpayer to either accept or tender Registered Specie en lieu of Federal Reserve Notes or other legal tender of the United States of America, unless any such Utah Taxpayer has previously and voluntarily committed to do so, including but not limited to Utah Taxpayers which by voluntarily qualifying themselves as Utah Intrastate Cooperative Members have committed to using Registered Specie as their sole medium of exchange.

59-28-203. Mandatory Use of Specie. Every Utah Governmental Entity shall honor any Utah Taxpayer's tender of or demand for payment in Registered Specie in the course and scope of Utah Intrastate Commerce as being a legally binding acceptance of the standing offer made pursuant to § 59-28-201, above, except to the extent that the state's supply of Registered Specie is exhausted, in which case, such Utah Governmental Entity may discharge its obligation to any such taxpayer in Federal Reserve Notes or other legal tender of the United States of America. Any Utah Governmental Entity may, however, require that its transactions in Registered Specie be conducted exclusively through a Utah Intrastate Commerce Cooperative under contract with the State of Utah pursuant to § 59-28-502, below.

59-28-204. Utah Taxpayers' Property Rights. Nothing in this chapter 28 shall be construed so as to abrogate or in any way limit the inherent and inalienable right, as recognized and affirmed in article 1, § 1 of the Utah Constitution, of Utah Taxpayers, residents and citizens to use gold and silver coin as a medium of

exchange as well as to acquire, produce, hold, protect and otherwise exchange the same or any other type of property, in any amount whatsoever, within the lawful course and scope of Utah Intrastate Commerce.

PART 3. Specie Registry.

59-28-301. Registry Content. The Treasurer of the State of Utah shall maintain and publish a Specie Registry listing the gold and silver coinage which Utah Governmental Entities shall accept or may tender in the course and scope of Utah Intrastate Commerce. With respect to each type of coin listed, the Specie Registry shall set forth the mint and/or refiner, years of production, precise gold or silver content in troy grains, obverse and reverse color images, together with any other physical characteristic the Treasurer deems pertinent.

59-28-302. Qualifying Coinage. The Specie Registry shall include all coins drawn from the following list which do not have a recognized numismatic or collectors' character giving them a value well above that attributable to their precious metal content:

1. United States American Eagles, of all denominations, minted by the United States Mint since 1986 pursuant to the Gold Bullion Coin Act of 1985, Public Law 99-185 (31 U.S.C.A. § 5112(a)(7) through (a)(10) and 31 U.S.C.A. § 5112(h));

2. One dollar, half dollar, quarter dollar or dime coins minted by the United States prior to the Coinage Act of 1965 (Pub. L. 89, 81, 79 Stat. 254), having 900 millesimal fineness and containing when minted approximately 0.7234 troy ounces of silver per dollar of face value;

3. Any other United States dollars, half dollars, quarter dollars or dimes, so denominated, whether or not minted pursuant to the Liberty Coin Act of July 9, 1985, Public Law 99-61, 99 Stat. 113, 115 (31 U.S.C.A. § 5112(e) and 31 U.S.C.A. § 5112(h)), that were or are required by the statutes authorizing their coinage to contain 371.25 grains (troy) of fine silver per dollar, as "dollar" is referred to in Article I, § 9, of the United States Constitution and the seventh amendment to the United States Constitution, the value of which was established in The Coinage Act

of April 2, 1792, 1 Stat. 246;

4. Coins having a millesimal gold or silver fineness of no less than 750 minted under the authority of the governments of Australia, Austria, Canada, China, France, Israel, Malaysia, Mexico, Poland, Russia, South Africa, Switzerland or the United Kingdom;

5. Coins privately minted in the State of Utah in the course and scope of Utah Intrastate Commerce:

A. Having a millesimal gold or silver fineness of no less than 750;

B. Showing the precious metal content denoted in Troy grains in clear facial inscriptions;

C. Bearing no dollar denomination nor any resemblance whatsoever to the current or prior coin of The United States of America;

D. Exhibiting the mint mark of the Utah Taxpayer business entity which stamped the coin and which on the date of stamping was a Utah Intrastate Cooperative Member in good standing existing under the laws of the State of Utah.

PART 4. Exchange Rates.

59-28-401. Exchange Rates Set by State Treasurer. For purposes of calculating the appropriate amount of Registered Specie payment with respect to transactions denominated in Federal Reserve Notes or other legal tender of the United States, the Utah State Treasurer shall periodically set a Specie Exchange Rate for gold as well as one for silver. These rates shall equate a specific quantity of Federal Reserve Notes, or fraction thereof, to one Troy grain of each metal. With respect to any particular transaction within the course and scope of Utah Intrastate Commerce, the Specie Exchange Rate in force as of the date of the tender of Registered Specie shall apply.

59-28-402. Specie Transactions to be Denominated in Troy grains. Registered Specie may be tendered to or by any Utah Governmental Entity in the course and scope of Utah Intrastate Commerce using any type of coin listed in the Specie Registry so long as

the total gold or silver content of the Registered Specie tendered as measured in Troy grains corresponds to the Troy grains due as calculated by application of the appropriate Specie Exchange Rate or as otherwise agreed by the parties to the transaction.

59-28-403. Criteria for Setting the Exchange Rates. In setting Specie Exchange Rates the Utah State Treasurer shall consider the following factors:

1. Coin should, and normally does, trade at a premium over the bullion spot and London Fix prices because of the additional costs associated with stamping, insurance, storage, distribution and exchange of coinage as compared to the good delivery bars typically traded in the international bullion market;

2. Specie Exchange Rates should be set so as to achieve the wide use and circulation of gold and silver coin in the course and scope of Utah Intrastate Commerce, especially with respect to the collection of taxes and fees by Utah Governmental Entities.

59-28-404. Frequency of Exchange Rate Changes. The Utah State Treasurer shall set the Specie Exchange Rates no more than once per day, bank holidays and weekends excluded. Newly set Specie Exchange Rates shall not be disclosed to anyone other than the Utah State Treasurer's staff until such new rates take effect at 12:01 a.m. the following day, at which time the new rates shall be published and readily available to Utah Taxpayers, residents and citizens.

59-28-405. Increments of Exchange Rate Changes. No single Specie Exchange Rate change effected by the Utah State Treasurer shall differ by more than one percent from the previously effective rate. Notwithstanding the foregoing, the Utah State Treasurer shall be free to set the initial Specie Exchange Rates when this law first takes effect at whatever level the Treasurer deems appropriate by application of the criteria set forth in section 59-28-403 of this chapter 28. In addition, by a majority vote of the Utah State House of Representatives in general or special session, the Specie Exchange Rates may be reset to whatever level that body deems appropriate.

59-28-406. Specie Exchange Rates Not Binding on Non-Governmental Entities. With respect to transactions within the course and scope of Utah Intrastate Commerce to which no Utah Governmental

Entity is a party, Utah Taxpayers, residents and citizens shall be free to set the amount of gold or silver coin due without regard to the State's Specie Exchange Rates, except to the extent that such rates shall be applied to determine any tax liability arising as a result of any such transaction.

PART 5. Security and Privacy

59-28-501. Protection of State Registered Specie Holdings. The Governor shall recruit, form, train and deploy such troops and regiments of the Utah State Defense Force pursuant to U.C.A. § 39-4-1 in conjunction with volunteers recruited from Utah's unorganized militia pursuant to U.C.A. § 39-1-3 as the Governor may deem necessary and appropriate to store, safeguard, protect and transport the Registered Specie holdings of all Utah Governmental Entities, as well as provide a means for the exchange, between and among Utah Governmental Entities and Utah Taxpayers, of Registered Specie, either by transfer of ownership of the same held in a secure storage facility or by physical delivery according to the recipient's preference.

59-28-502. Delegation of Duties to Intrastate Commerce Cooperatives. The Governor is hereby authorized to contract with one or more duly organized Utah Intrastate Commerce Cooperative to perform the services and duties specified in § 59-28-501, above -- the cooperative so contracted acting on behalf and in the name of the State. All defense forces so organized shall at all times be subject to the oversight and command of such superior battalion and division officers as the Governor of Utah, acting in the capacity of commander in chief, may from time to time appoint. In the absence of such appointments, the duly elected county sheriff shall serve as the division commander of all such forces stationed within the county in question.

59-28-503. Protection of Utah Taxpayer Deposits. Any Utah Intrastate Commerce Cooperative under contract with the State of Utah pursuant to the authority granted in §

59-28-502, above, may employ the facilities and personnel designated to store, safeguard, protect, transport and exchange the Registered Specie holdings of Utah Governmental Entities to perform the same services with respect to any tangible personal property, including gold and silver coin, which Utah



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Taxpayers may elect to deposit with the cooperative for safekeeping. The cooperative providing such services shall be entitled to charge a reasonable fee to those Utah Taxpayers having property on deposit with the cooperative.

59-28-504. Searches and Seizures Prohibited. Utah Taxpayers, residents and citizens shall at all times be entitled to privacy and security with respect to their gold and silver coin holdings as well as with respect to any other of their lawfully acquired property, whether held personally or within the fiduciary care, custody and control of any other Utah Taxpayer. Such holdings shall not be subject to disclosure, search or seizure except upon issuance of a lawful warrant or writ by a judicial officer of this state pursuant to an adequate showing of probable cause with respect to the particular person or entity in question. Such warrant or writ shall be executed only under the authority of the duly elected sheriff for the county within which such property is held.

PART 6. Taxation.

59-28-601. Capital Gains Tax Inapplicable. In no case shall the acquisition, sale or use of Registered Specie within the course and scope of Utah Intrastate Commerce subject any Utah Taxpayer to any tax liability whatsoever for any actual or alleged gain realized from fluctuations in the exchange rate between Registered Specie and any other currency, medium of exchange or legal tender.

59-28-602. Sales/Use Tax Exemptions. As provided in U.C.A. § 59-12-104(50)-(51), no sales or use taxes shall apply to the the sale or purchase of Registered Specie within the course and scope of Utah Intrastate Commerce. Moreover, no sales tax shall be assessed on transactions between or among Utah Intrastate Commerce Cooperatives and Utah Intrastate Cooperative Members.

59-28-603. Property Tax Exemption. Pursuant to U.C.A. § 59-2-1114(1), all Utah Taxpayer tangible personal property within the fiduciary care, custody and control of any Utah Intrastate Commerce Cooperative shall be exempt from any and all property taxation.

59-28-604. Consolidated Tax Filings by Utah Intrastate Commerce Cooperatives. All Utah Intrastate Commerce

Cooperatives shall be entitled pursuant to U.C.A. § 59-7-401 et seq. to file a water's edge combined report as well as a federal consolidated report in lieu of separate tax returns filed by any such cooperative's Utah Intrastate Cooperative Members which shall be exempt from obtaining a tax Identification number separate and apart from the tax identification number of the cooperative under which they operate.

PART 7. Penalties and Awards.

59-28-701. Fraud. Any person or entity which, with the intent to defraud, attempts to utter or pass off as Registered Specie, within the course and scope of Utah Intrastate Commerce, any Base Coinage or coinage with less fine gold or silver content than expressly asserted by such person or entity shall be subject to criminal fine, imprisonment or both.

59-28-702. Mistake. Any person or entity which tenders as Registered Specie, within the course and scope of Utah Intrastate Commerce, any Base Coinage or coinage with less actual fine gold or silver content than what was mutually understood by the parties at the time of tender shall be civilly liable to the recipient of such deficient coinage in an amount equal to the shortfall plus any court costs and attorney fees incurred by the recipient to establish a right of recovery.

59-28-703. Unconstitutional Act Under Color of Law. Any actual or attempted application of any law, statute, regulation, treaty or accord in contravention of the provisions of § 59-28-504, above, by any person claiming to be a governmental officer or agent shall be punishable by fine levied against each such claimed governmental officer or agent as well as against any governmental entity complicit in any such actual or attempted act under color or law. Moreover, any Utah Taxpayer which suffers injury or loss in consequence of such acts shall be entitled to recover damages, court costs and attorneys fees from the same by means of a civil action at law.

PART 8. Constitutionality.

59.28.801. Severability. If any one or more part, provision, section, subsection, sentence, clause, phrase or word of this chapter 28 or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be severable and the balance of this chapter shall remain

effective notwithstanding such unconstitutionality.

59.28.802. Legislative Intent. The legislature hereby declares that it would have passed this chapter, and each part, provision, section, subsection, sentence, clause, phrase or word thereof, irrespective of the fact that any one or more provision, section, subsection, sentence, clause, phrase or word be declared unconstitutional.

59.28.803. Standing. Any and all Utah Intrastate Commerce Cooperatives are hereby granted standing to apply directly to the Utah Supreme Court to obtain a declaration regarding the constitutional applicability of any particular United States federal law, statute, regulation, treaty, or accord with respect to any specific set of circumstances or conditions existing or potentially existing within the course and scope of Utah Intrastate Commerce, even in the absence of any actual case or controversy concerning such actual or potential circumstances or conditions.

SECTION 2.

This act shall take effect on the first day of the April, 2011, unless not passed into law by that time, in which case, the effective date shall be the first day of July, 2011.

<http://atrueott.files.wordpress.com/2010/12/sound-money-act.pdf>

<http://www.connorboyack.com/blog/the-utah-sound-money-act>

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Ending the Federal Reserve From the Bottom Up: Re-introducing Competitive Currency by State Adherence to Article I, Section 10

William Greene, Ph.D.
Verity Institute/Miami Christian University
Presented at the Austrian Scholars Conference
Mises Institute, Auburn AL
March 13, 2010

Since its inception, the U.S. Federal Reserve's monetary policies have led to a decline of over 95% in the purchasing power of the U.S. dollar.¹ As a result, there have been several attempts to curtail or eliminate the Federal Reserve's powers (e.g., the efforts of Rep. Louis T. McFadden in the 1930s;² the efforts of Rep. Wright Patman in the 1970s;³ the efforts of Rep. Henry Gonzalez in the 1990s;⁴ and the efforts of Rep. Ron Paul since the 1990s⁵). However, none have proven successful to date, due mainly to the constraints of strong political opposition at the national level. In contrast to these "top-down" attempts at the national level, this paper proposes an alternative approach to ending the Federal Reserve's monopoly on money: the "Constitutional Tender Act," a bill template that can be introduced in every state legislature in the nation, returning each of them to adherence to the U.S. Constitution's "legal tender" provisions of Article I, Section 10.⁶

This approach would have a greater likelihood of success for a number of reasons. First, it is decentralized: rather than facing concerted political opposition at a single Federal level, it attacks the issue at the State level, where strategies and tactics can be adapted to the types and amount of political opposition they encounter. Second, it is diffused: it can be attempted in any number of States, which can cause the opposition to spread its resources much more thinly than

would be necessary at the Federal level. Finally, it is legally sound: it relies on the U.S. Constitution's negative mandate in Article I, Section 10, that "No State shall... make any Thing but gold and silver Coin a Tender in Payment of Debts."⁷ Therefore, in contrast to "top-down" attempts to "end the Fed," a "bottom-up" approach using "constitutional tender" laws will find greater success.

Over the course of time, whenever there have been attempts to end, or even to maintain greater oversight, of the Federal Reserve, those efforts have been strongly rebuffed. On June 10, 1932, for example, the former Chairman of the U.S. House Committee on Banking and Currency, Rep. Louis T. McFadden of Pennsylvania, gave an extended speech on the Federal Reserve System, calling it "one of the most corrupt institutions the world has ever known," that "as impoverished and ruined the people of the United States; has bankrupted itself, and has practically bankrupted our Government."⁸ He called again for "an audit of the Federal Reserve Board and the Federal reserve banks,"⁹ but was ridiculed and dismissed by Rep. James G. Strong of Kansas, who stated that McFadden must have some "violent form" of a "belly ache."¹⁰

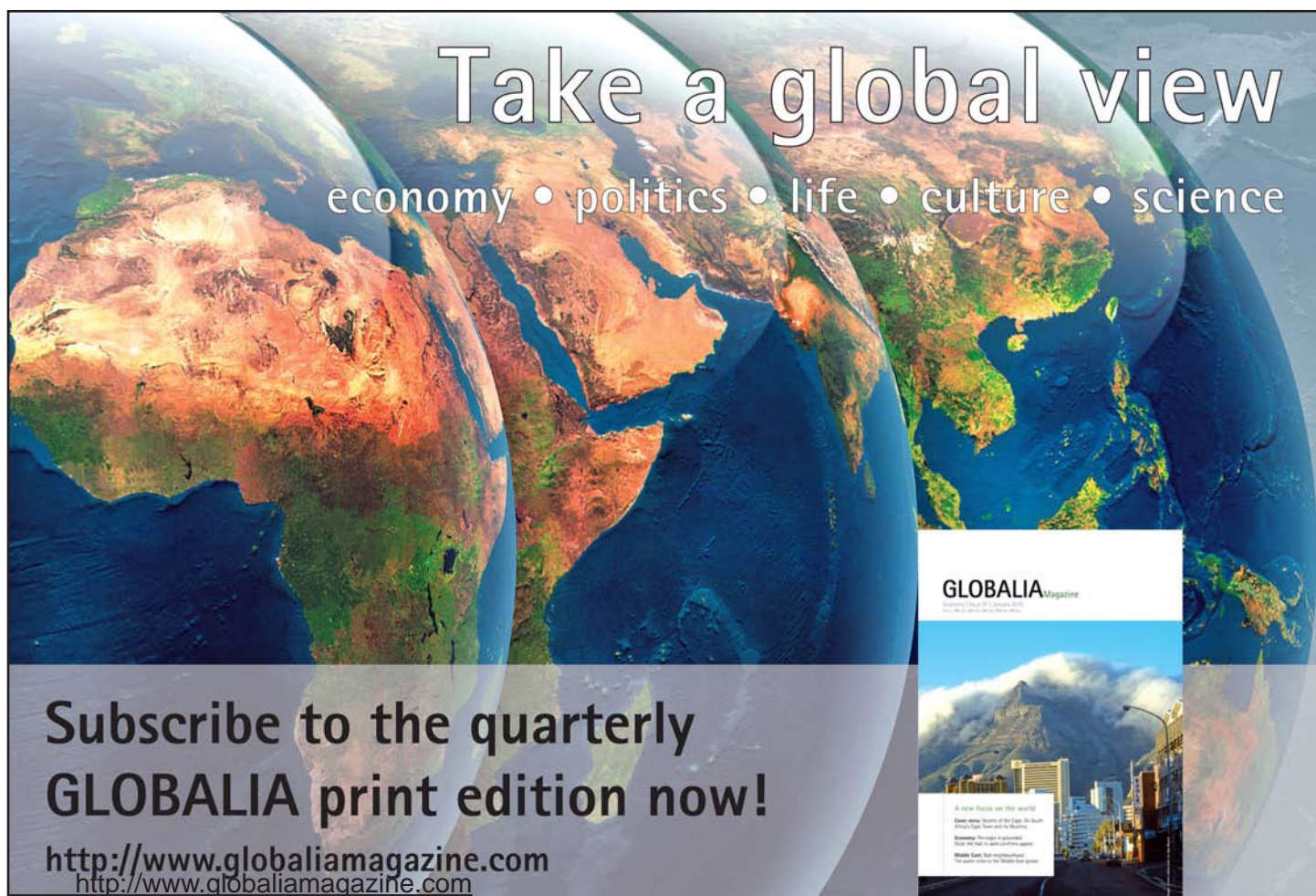
In 1975, Rep. Wright Patman of Texas introduced a bill to have the General Accounting Office audit the

Federal Reserve (HR 7590). While the bill had 22 cosponsors and was reported out to the House from the Committee on Banking, Currency and Housing, it was then stuck in the Rules Committee, which would not allow the bill to come to the floor for a full vote. Patman, who was convinced that the bill “did not receive a fair and impartial hearing before the Rules Committee,”¹¹ filed a discharge petition (H. Res. 746) to bring it to the floor; however, his resolution received no co-sponsors, and the bill died in committee.

In July 1991, Rep. Henry Gonzalez of Texas, the Chairman of the House Banking Committee, asked the Federal Reserve Board to submit to a congressional audit of its discount-window lending operations, but was refused;¹² in 1993, he again voiced his support for legislation that would audit the Federal Reserve System (as well as make its Open Market Committee meetings televised and open to the public, as well as requiring the President to appoint its twelve bank governors instead of the bankers themselves). This time, not only did Federal Reserve Chairman

Alan Greenspan resist him, but President Bill Clinton, who claimed that such a move would “run the risk of undermining market confidence in the Fed”, also rebuffed him. “There is a general feeling,” Clinton insisted, “that the system is functioning well and does not need an overhaul just now.”¹³

The latest Congressman to challenge the authority and legality of the Federal Reserve is Rep. Ron Paul of Texas, the ranking minority party member of the House Monetary Policy Subcommittee. Rep. Paul has introduced H.R. 833, “to abolish the Board of Governors of the Federal Reserve System and the Federal reserve banks, [and] to repeal the Federal Reserve Act”; however, there have been no co-sponsors as of March 2010. On the other hand, Rep. Paul also introduced H.R. 1207, the “Federal Reserve Transparency Act,” which would give greater auditing capabilities of the Federal Reserve to the Comptroller General; this bill now has 318 cosponsors, or 73% of the Members of the House (its companion bill in the Senate, S. 604, has 33 total co-sponsors –1/3 of that body’s Members). So with nearly three fourths of



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the U.S. House supporting a bill, under normal circumstances the bill would be brought to the floor for a standalone vote by the full House; however, the Democratic leadership has kept the bill from being voted on, although they were unable to keep its supporters from attaching it as an amendment to a larger financial reform package (H.R. 4173) which passed in December 2009.¹⁴ Even with that success, there is a strong push to amend the bill by stripping out the “audit the Fed” language and instead expanding the Federal Reserve’s power over banks, lending and money.¹⁵

Each of these different efforts over the last 80 years – whether by McFadden, Patman, Gonzalez, Paul, or others – have had two features in common: they have all been “top-down” anti-Fed efforts at the national level, and they have all been thwarted by concerted political opposition at that level. Accordingly, a new tactic is needed, which could achieve the desired goal of abolishing the Federal Reserve system by attacking it from the “bottom up” – “pulling the rug out from under it,” by working to make its functions irrelevant at the State and local level. That new tactic is the passage of the Constitutional Tender Act in individual States across the country.

The Constitutional Tender Act is a proposed State law, first introduced in 2009 as HB 430 in the Georgia House of Representatives,¹⁶ which re-applies the U.S. Constitution’s negative mandate in Article I, Section 10, that “no State shall...make any Thing but gold and silver Coin a Tender in Payment of Debts.” Under this Act, the State would be required to only use gold and silver coins (or their equivalents, such as checks or electronic transfers) for payments of any debt owed by or to the State (e.g., taxes, fees, contract payments, etc.). All contracts, tax bills, etc. would be required to be denominated in legal tender gold and silver U.S. coins, including Gold Eagles, Silver Eagles, and pre-1965 90% silver coins. All State-chartered banks, as well as any other bank that is a depository for State funds, would be required to offer accounts denominated in those types of gold and silver coins, and to keep such accounts segregated from other types of accounts such as Federal Reserve Notes.

Upon going into effect, the Constitutional Tender Act would introduce currency competition with Federal

Reserve Notes, by outlawing their use in transactions with the State. Ordinary citizens of the State, being required to pay their State taxes in gold and silver coins, would find it necessary to open bank accounts in those denominations. Businesses operating within the State, being required to pay their State sales taxes and license fees in gold and silver coins, would need to do the same; and in order to acquire such coins, they would begin to offer their goods and services in “dual currency” denominations, where customers could choose to pay in Federal Reserve Notes (which would still be necessary to pay Federal fees and taxes) or gold and silver coins (including checks and debit cards based on bank accounts denominated in such coins). Customers, having found the need to open such accounts in order to deal with the State, would be able to engage in commerce using those accounts.

Over time, as residents of the State use both Federal Reserve Notes and silver and gold coins, the fact that the coins hold their value more than Federal Reserve Notes do will lead to a “reverse Gresham’s Law” effect,¹⁷ where good money (gold and silver coins) will drive out bad money (Federal Reserve Notes). As this happens, a cascade of events can begin to occur, including the flow of real wealth toward the State’s treasury, an influx of banking business from outside of the State (as citizens residing in other States carry out their desire to bank with sound money), and an eventual outcry against the use of Federal Reserve Notes for any transactions. At that point, the Federal Reserve system will have become unwanted and irrelevant, and can be easily abolished by the people’s elected Representatives in Washington, D.C.

Because the Constitutional Tender Act plan is decentralized into the States, rather than focused at the federal level, attempts at concerted political action against every bill introduced will be much more difficult to achieve. Such a decentralized approach allows strategies and tactics to be adapted to the types and amount of political opposition they encounter in each State, giving a much greater chance of success against such opposition. For example, one State may face strong opposition from a regional Federal Reserve bank, which it can then ward off by focusing on the Constitutional requirement that the State not use a “Thing” like Federal Reserve Notes as a tender in pay-

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ment of debts to and by the State. Another State may meet opposition from the banking lobbies, which it can neutralize by highlighting the high rate of bank failures, and the banking industry's subsequent need for new ways of bringing in business, customers, and money.¹⁸¹⁸

In much the same way that the Constitutional Tender Act plan is able to counter concerted political opposition from many factions, which federal level approaches are not due to their easily-targeted central location, it is also able to counter concentrated political opposition, as it forces the opposition to spread its resources much more thinly, because it is being attempted in any number of States.

As we have seen over nearly a century's time, supporters of the Federal Reserve system are able to concentrate all of their resources at any one time against any challenge to its existence and autonomy. The latest example of this is the Federal Reserve's hiring of a veteran lobbyist (former Enron lobbyist, Linda Robertson) "to counter skepticism in Congress about the central bank's growing power over the U.S. financial system."¹⁹ Such high-powered –and costly –lobbying resources are much easier to apply at a single federal level; as a greater number of States introduce the Constitutional Tender Act, those resources would be spread thin, and the opposition would be more likely to rely on local lobbying associations and organizations over whom they have less control, and with whom they have less coordination of efforts.

Finally, besides the various legislative attempts to abolish the Federal Reserve, one of the main arguments made against its existence is the question of its Constitutionality –specifically, the lack of Congressional authority to delegate its enumerated power in Article I, Section 8 ("The Congress shall have Power To...coin Money, regulate the Value thereof" to a private banking cartel such as the Federal Reserve.²⁰ Unfortunately, modern courts have consistently ruled in favor of the Fed's constitutionality,²¹ resting on the precedent of earlier decisions such as Mc-

Culloch v. Maryland, where the Court ruled that Congress had the power to establish a national bank and issue paper money.²² So far, there has not been a successful challenge to these decisions.

The Constitutional Tender Act, on the other hand, doesn't rely on claims of unconstitutionality of the Federal Reserve; in fact, it avoids the federal question altogether. Instead, it relies on the U.S. Constitution's negative mandate in Article I, Section 10, forbidding any State from using (making a tender) anything but gold and silver coins to pay, or receive payment for, any debt (any amount owed to or by the State). This is an approach that has never been brought to court, even though the language of the Constitution is clear and direct: "No State shall". In fact, every State does use some other "Thing" than gold and silver coins as tender: namely, Federal Reserve Notes, for which there is no longer any claim made that they can even be redeemed in gold or silver.²³ Under this Act, not only would the use of FRNs by the State be made illegal; the use of legal tender U.S. gold and silver coins would be encouraged amongst the general population as well, along with any other currency that parties mutually consent to using:

50-37-3: Pre-1965 silver coins, silver eagles, and gold eagles shall be the exclusive medium which the state shall use to make any payments whatsoever to any person or entity, whether private or governmental. Such coins shall be the exclusive medium which the state shall accept from any person or entity as payment of any obligation to the state including, without limitation, the payment of taxes; provided, however, that such coins and other forms of currency may be used in all other transactions within the state upon mutual consent of the parties of any such transaction.

This has three immediate effects: the elimination of Federal Reserve Notes from State transactions; the requirement of individuals and businesses to cease using FRNs in their transactions with the State; and the introduction of competi-

tion in currencies amongst the general population. With all three effects working in tandem, the use of low-value pieces of paper issued by the Federal Reserve will become irrelevant, and an emaciated Federal Reserve system can be brought to a welcome, if inglorious, end.

In conclusion, as has been demonstrated here, in contrast to “Top-down” attempts to “End the Fed” which allow for concerted and concentrated political opposition at the national level, a “bottom-up” approach using “constitutional tender” laws will find greater success due to its decentralized nature, its diffusion to multiple States, and its sound legal basis.

1 Calculated at usinflationcalculator.com on March 1, 2010, based on the Consumer Price Index provided by the U.S. Bureau of Labor Statistics. CPI data was last updated by BLS on February 19, 2010, and covers up to January 2010.

2 McFadden introduced a motion for impeachment of the Federal Reserve’s Board of Governors on May 23, 1933 (House Resolution No. 158).

3 Patman introduced several bills calling for a General Accounting Office audit of the Federal Reserve Board, the Federal Advisory Council, the Federal Open Market Committee and Federal Reserve banks and their branches in the 1970s, including HR 7590 (1975), which garnered 21 additional co-sponsors. However, the companion bill in the Senate (S. 2509), introduced by Sen. William Proxmire of Wisconsin, had no co-sponsors at all.

4 In July 1991, Gonzalez asked the Federal Reserve Board to submit to a congressional audit of its discount-window lending operations, but was refused; in 1993, he again voiced his support for legislation that would audit the Federal Reserve System (as well as make its meetings televised and open to the public, as well as requiring the President to appoint its twelve members).

5 For example, his latest bills, H.R. 833 (to end the Federal Reserve) and H.R. 1207 (to audit the Federal Reserve).

6 There are various versions of Constitutional Tender Acts being introduced in the several States. This paper focuses on HB 430 in Georgia. See <http://www.ConstitutionalTender.com/>.

8 Congressional Record, June 10, 1932, pp. 12595

9 Ibid., p. 12602. The previous December, McFadden had introduced a resolution “asking for an examination and an audit of the Federal Reserve Board and all the Federal reserve banks and all related matters.” The following May, McFadden introduced his motion for impeachment of the Federal Reserve’s Board of Governors.

10 Ibid., p. 12603.

11 The Panola Watchman, Carthage, TX, October 23, 1975, p. A-6.

12 Debra Cope, “Gonzalez asks for GAO audit of Fed loans.” American Banker, July 30, 1991.

13 Robert M. Garsson, “Clinton refuses to back overhaul of the Fed.” American Banker, Sept. 27, 1993.

14 Ronald Orol, “Panel votes to audit the Fed; cap its spending at \$4 trillion.” Market Watch, November 19, 2009.

15 Silla Brush, “Bank groups call for stronger Fed Reserve.” The Hill, March 2, 2010.

16 Joe Rauch, “Georgians could pay future state taxes in gold.” Atlanta Business Chronicle, March 6, 2009.

17 Gresham’s law is stated as, “Where legal tender laws exist, bad money drives out good money.” A reverse of this would be, “In the absence of legal tender laws, when people are given the free choice between accepting good money or accepting bad money, bad money becomes less popular than good money, and is driven out of the marketplace.”

18 For example, in Georgia, more than three out of five banks were unprofitable in 2009, over twice the national average. If banks in Georgia are directed to allow their customers to establish gold and silver accounts, there could be a large influx of customers not only from across Georgia, but from across the nation; this would be the Georgia banking industry’s best opportunity to attract the record-breaking

legal tender silver and gold coin business, now at over 30 million Silver Eagles and nearly 2 million Gold Eagles per year. That would be an increased reserve of over \$2.2 billion in value in Georgia's banks, as presently no other state is offering this service in its banks.

19 Robert Schmidt, "Fed Intends to Hire Lobbyist in Campaign to Buttress Its Image." Bloomberg News, June 5, 2009.

20 See, for example, Michael S. Rozeff, "The FED's Unsound Theories" (February 8, 2009: LewRockwell.com): "It is not within the enumerated powers of the Constitution to establish a central bank with the FED's powers, nor is the FED necessary and proper to achieve any of its listed powers... it does not allow government to do anything other than coin money, which the FED does not do."

21 *First National Bank v Fellows*, 244 US 416 (1917).

22 Upheld in *Osborn v. Bank of the United States*, 22 U.S. 738 (1824).

23 In fact, the direct issuance of notes for gold was prohibited by the Federal Reserve Act as originally passed; see Ray B. Westerfield, "Methods of Redemption and Retirement." Banking Principles and Practice (1921: Ronald Press Company).

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Press Release: Treasury Inspector General for Tax Administration

TIGTA: IRS Is Increasing Its Oversight Of Taxpayers With Foreign Financial Assets

WASHINGTON - The Internal Revenue Service (IRS) is increasing its oversight of taxpayers with foreign financial assets, according to a report publicly released today by the Treasury Inspector General for Tax Administration (TIGTA).

The number of individuals filing a Report of Foreign Bank and Financial Accounts (FBAR) with the Department of the Treasury has increased annually from 2004 to 2009, TIGTA found. Individuals doing business in the United States who have foreign financial accounts with an aggregate value of more than \$10,000 are required to file a FBAR.

TIGTA also found that the number of FBAR-related examinations increased 96 percent (from 334 to 656) from Fiscal Year (FY) 2004 to FY 2009. In addition, the number of FBAR penalty assessments grew from \$4.2 million to \$20.5 million, an increase of 388 percent over the same period, while FBAR penalty collections grew from \$1.8 million to \$9.8 million, an increase of 444 percent. The IRS, in collaboration with the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), has also revised the FBAR form and instructions and conducted education and outreach efforts on the filing of FBARs.

However, neither the IRS nor the FinCEN has an established method to estimate the potential population of required filers because the FBAR filing program is a self-reporting program. Persons filing abroad often open their financial accounts in jurisdictions with bank secrecy laws.

Under the Hiring Incentives to Restore Employment Act, which the President signed in March 2010, individual taxpayers with an aggregate balance of more than \$50,000 in foreign financial assets must file new foreign financial-disclosure statements with their income tax returns. This new reporting requirement allows the IRS to verify the information or lack of information filed. The IRS is also developing procedures and guidance to implement this new reporting requirement.

“As a growing number of taxpayers now conduct foreign financial transactions, it is good news that the IRS is increasing its oversight of this area,” said J. Russell George, the Treasury Inspector General for Tax Administration. With the recently added disclosure requirements, the IRS must ensure the effective implementation of this provision,” added George.

TIGTA did not make any recommendations in this report, and the IRS did not provide any comments on the draft report.

To view the report, including the scope and methodology, go to:

<http://www.treas.gov/tigta/auditreports/2010reports/201030125fr.pdf>