DGC Magazine

GoldMoney Holdings Pass $1 Billion USD

Match of the Millennium
DGC *vs* Gold ETF

GROWTH!

As The Price of Gold Tops $1,260 - We Track A Decade of DGC Growth

July 2010

Inside this issue:

DGC Growth, Governance and Transparency

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Anybody Seen Our Gold?

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

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

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GATA

I Hear Rumblings

by Paul Rosenberg

It is hard to make guesses based upon whispered conversations and reports from reliable witnesses – even when they really are reliable. So, I cannot say that what I've been hearing is as important as it sounds… but I think it is.

In the past few months I've been hearing of conversations that just didn't occur a few years ago. They are often coming from Europe, which has seldom been the source of much information that heads my way. In this article, I'll try to give you my best guesses as to what is happening.

As for the cause of the rumblings, I don't really need to guess – the continuing financial meltdown of the Western Complex is definitely the cause. Most people were willing to play along with it, regardless of its built-in contradictions and evils, for as long as they could; it was the only game in town. Now that game is about to end, and the players don't know what to do next. That much is clear.

ADEIU, EURO

The Euro is failing and anyone with any financial sense knows it. TV networks and politicians are assuring the public that all will continue as it is forever, but the more serious newspapers (The Financial Times, etc.) have printed plenty of articles saying that the Euro has five years, tops. Anyone who wants to know, knows.

There are two sets of rumblings that I hear from Europe:

On the lower end, I hear of individuals and small businesses who are worried about even more insane levels of taxation and how to get away from it. These people will end up following the Italian model, where a huge number of people do business in cash and report almost nothing to the tax-gatherers. This requires networks of trust, and – sadly for the core Europeans – they have abandoned traditional trust networks and have placed full trust in the state. They will have to rebuild the old networks, and some of them may have a hard time of it.

On the higher end, I hear of large players who don't know what to do when the existing financial system fails. As one person put it:

Buying gold, silver and Swiss Francs may work for individuals, but world equity markets are in a trap from which there is no clear exit.

In other words, the people who hold a lot of money in the equity markets don't know what to do next. Bonds are no good, stocks are no good, cash is no good, and holding gold may be no good when the state decides to come after all the wealth they can grab. Hiding half a million Euros in gold is one thing; hiding half a billion is quite another. Plus, these people have become very uncomfortable with stationary money.

ADEIU, LONDON

The UK has a new Prime Minister named David Cameron, and he has apparently realized how bad things are for his government. He and his Chancellor of the Exchequer want to raise capital gains taxes from 18% to 50% Worse, it looks like they'll be able to do it. Cameron is a member of the Conservative Party, but is hardly "conservative." He seems to be the British equivalent of a US RINO – a "Republican In Name Only." In other words, he will not be a fiscal conservative and will probably follow the Obama gang's lead into more spending, more taxing and more regulation.

If the 50% capital gains tax passes, London will be ruined. The financial sector will blow away and the real estate market will crash. Over the last decade, London was white-hot with financial deals; the money and the Guinness seemed endless. It will all vanish faster than it came. The sons of the Russian oligarchs will find a new playground.

The UK economy has survived on financial industry taxes for quite a few years. When that stops, there will be consequences. I hear of wealthy people looking for Swiss citizenship. The Britain of the 1970s may return. (It was not pretty.) Take a look at the UK's debt figures some time. They are horrifying.

ADEIU, DOLLAR, ADEIU, WASHINGTON?

The dollar has held a charmed position as the world's reserve currency. US politicians act as if this is an act of nature and that it cannot change. And, for now, their pampered position is holding. The dollar is seen by most investors as "safe," or at least as the least bad currency. So, as currencies and nations fail, they scurry into dollars.

People with great wealth are, on average, just as foolish as anyone else, and their flight to the dollar is not based on anything greater than crowd-following. Nonetheless, they do generally pay attention to their net worth, and when inflation hits, they will look for options. They may be supporting the dollar now, but they will not after they begin to suffer for it.

So, what happens when the dollar is no longer the darling of nearly every investor and importer in the world? That's hard to say, but the incomes of an entire class of bankers and financial operators certainly goes away.

And then? Again, hard to say, but it does not bode well for the American political class.

AND THE ANSWER?

The answer is simple: A new financial system based upon currencies of actual value, like gold. As I discussed in my article Planet DGC, money based upon valuable commodities can be created at any time, so there are no money supply limitations, and there is always backing.

Our way works, and it will work well. Our only serious obstacle is the old system: The operators hate competition and their users are frightened to look at anything else. But, that will change. I recently heard a worried investor say this:

If the euro, the pound, and the dollar fall off their respective cliffs, where does anybody go?

To us, my friend, to us.

Paul is the author of A Lodging of Wayfaring Men, Production Versus Plunder, The Words Of The Founders and other books. You can find them at http://www.veraverba.com

GoldMoney holdings pass $1 billion mark

1 June 2010 - GoldMoney, one of the world's largest providers and holders of physical bullion for retail investors, now stores more than US$1 billion of assets on behalf of its customers. The company has achieved a growth of 112% over less than 18 months based on US $476 million of customer assets at the beginning of 2009, thanks to particularly strong demand for physical gold.

Geoff Turk, CEO of GoldMoney, said: "Investors are now more than ever looking for a safe haven for their money. As gold has, on average, registered a yearly appreciation of approximately 17% over the past nine years, many investors have chosen to safeguard their portfolio by owning a tangible asset and simultaneously benefit from the price appreciation of precious metals.

"The market is being driven by the growing fear in the financial community that just like Greece, other nations might end up revealing huge budget deficits. GoldMoney therefore expects that the uptrend in gold has further to go. We expect to see customer assets grow as the price continues to rise. More and more people will turn to GoldMoney to protect their wealth."

As of **28 May 2010**, the following amounts of gold, silver, platinum and national currencies were being held by GoldMoney's customers in **14,496 Holdings**:

Metal/Currency	Amount Held	USD Equivalent *	Annual Interest **
GoldGrams - London	5,857,972.444gg	$227,418,922.89	n/a
GoldGrams - Zurich	9,051,525.497gg	$351,399,430.21	n/a
GoldGrams - Hong Kong	225,149.730gg	$8,740,790.36	n/a
Silver - London	6,114,471.000oz	$113,301,147.63	n/a
Silver - Zurich	12,917,190.241oz	$239,355,535.17	n/a
Silver - Hong Kong	384,324.442oz	$7,121,531.91	n/a
Platinum - Zurich	158,466.116pg	$7,922,439.68	n/a
Platinum - Hong Kong	27,895.205pg	$1,394,607.78	n/a
US Dollars	$35,225,230.47	$35,225,230.47	0%
British Pounds	£5,649,390.21	$8,236,826.12	0%
Euros	€4,506,841.07	$5,592,657.83	0%
Canadian Dollars	C$2,869,863.02	$2,741,555.77	0%
Swiss Francs	SFr854,597.51	$743,496.63	0%
Japanese Yen	¥15,706,412.65	$172,292.70	0%
	Total USD Equivalent:	**$1,009,366,465.17**	

* US dollar equivalent for metals based on London PM Gold Fix price and London Silver Fix price on last London trading day of month. US dollar equivalent for currencies based on market rates at noon London time on last London trading day of month.
** Annual interest rate paid by our banks the previous calendar month on funds in Customer Segregated Funds Accounts.

Saudi Arabia's Gold Reserve Doubles

By Patrick A. Heller
June 22, 2010
This article was originally printed in Numismatic News.
http://www.numismaster.com/

The World Gold Council in its June 2010 update of World Official Gold Holdings increased the gold reserves held by the Saudi Arabian central bank to 322.9 tons (10.38 million ounces). This is more than double the previously reported 143 tons of reserves.

In a footnote to this report, the WGC states "Gold data have been modified from First Quarter 2008 as a result of the adjustment of the SAMA's gold accounts." It is possible that the total amount of gold held by the Saudi Arabian government has not really changed, but has merely been reclassified from other accounts. However, initial attempts to gain further information on this point were not immediately successful.

With the new reported gold reserves, Saudi Arabia's central bank now ranks 16th, ahead of the United Kingdom, Spain, Austria, Belgium, Singapore, and Sweden. Only 13 other national central banks, the International Monetary Fund, and the European Central Bank have higher reported reserves.

This development has almost certainly contributed to the price of gold reaching an all-time high on June 18, as it demonstrates continuing strong demand from central banks to add to their gold reserves (Russia and the Philippines have been especially prominent in adding to their reserves so far in 2010). Coupled with the almost complete cessation of reported central bank gold sales, this shift in demand and supply will almost certainly help push up gold prices over the next year or so.

This report has even more ominous implications. In April 2009, China admitted that it had acquired 454 tons (14.6 million ounces) of gold reserves from 2003 to 2009 without making any changes to their stated gold reserves as acquisitions were made. It is quite possible that the Chinese central bank has continued to acquire gold since that report, but the stated reserves have not changed in the past 14 months.

The question becomes how many central banks are adding to their gold reserves without revealing their acquisitions. There is a strong incentive to make purchases quietly, so as to avoid spooking the market and seeing the price jump "too soon."
This is exactly the opposite of what has apparently happened for years, where some central banks

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Tel: +44-1534-511-977 • Fax: +44-1534-511-988 (especially the U.S.) are suspected of surreptitiously leasing and selling their gold reserves to the market to help hold down gold prices. Almost a decade ago, analyst Frank Veneroso used four different methods to calculate how much of the claimed central gold reserves were no longer held by them. His conclusion then was that 25-50 percent of all reported official gold reserves were gone. In the years since, this percentage has only increased.

This problem was compounded by a reporting rule imposed by the International Monetary Fund, where central banks were required to report leased gold as still being in their vaults whether or not it was there. In addition, the central bank that might actually be holding the first central bank's gold was also required to report it as reserves, even if this second central bank didn't actually own it.

The increase in the price of gold so far in 2010 definitely is influenced by continuing strong demand. However, it seems a safe bet that central banks are having greater difficulty trying to sneak their gold reserves onto the market – perhaps because the vaults are near empty.

Gold mine output has been declining, despite the ever higher spot prices, which seems counterintuitive. It is not. Costs of new mine development have soared. The average time to take a mine from discovery has stretched out from about three years to maybe 10 years. Rising costs and longer time frames make lenders less willing to finance risky projects that would only pay off if prices stay at or above current levels.
There was a huge spurt in gold recycling in the first quarter of 2009, but volumes have fallen dramatically since then, even at current record-high prices (ignoring inflation).

In sum, gold demand, both official and private, is strong and growing. Gold supplies from central banks, mines and recycling are stable to declining. The expected result should be much higher prices in the future. I would not be surprised to see gold and silver prices suppressed until after the COMEX silver options expiration on Thursday, June 24. You may have a bargain buying opportunity for the next couple of days. What are you going to do?

On June 19, the Chinese government stated that it was going to allow the value of its yuan float. Don't for one minute believe that it will be allowed to trade freely. Pretty much everyone expects the yuan to appreciate slightly, then be managed to be stable, as has happened for almost the past two years. Chinese officials probably realize that they need the currency to appreciate against other currencies in order to help combat local inflation. However, letting the yuan appreciate more rapidly could be interpreted as the Chinese accepting orders from the U.S. government. Chinese officials would rather absorb greater domestic problems than seem to be obeying U.S. President Obama. The bottom line is that the value of the U.S. dollar is almost certain to fall against the yuan, which also means that the price of gold in U.S. dollars will continue to rise.

Demand for gold sovereigns in Europe (especially in Greece and the United Kingdom) remains so strong that American supplies are being shipped over to Europe. American wholesalers, partly to protect themselves from market fluctuations and somewhat to try to increase profit margins, have not raised their relative bid prices to the same degree as their selling prices. My previous anticipation that sovereign owners might be able to eventually swap their coins at a high enough premium to get lower premium coins (increasing their total gold position without having to pay out any funds) has not developed. There has been increased interest in liquidating sovereigns of late, so I am doubtful that the opportunity of a profit-making supply squeeze will develop this year.

The U.S. Mint has released 2010-dated fractional gold American Eagles much earlier than it came out with the 2009-dated issues. At the moment, dealers have ample supplies at fairly reasonable premiums. I expect both the ready availability and reasonable premiums to be temporary situations. However, if premiums do rise well before the end of 2010, I anticipate that the Mint will release enough additional supplies to make them more affordable. It could easily happen that fractional gold Eagles could be an erratic market for the balance of the year.

Patrick A. Heller owns Liberty Coin Service in Lansing, Mich., and writes "Liberty's Outlook," the company's monthly newsletter on rare coins and precious metals subjects. Past newsletter issues can be viewed at http://www.libertycoinservice.com. Other commentaries are available at Coin Update (http://www.coinupdate.com) and Financial Sense University (http://www.financialsense.com).

GoldMoney

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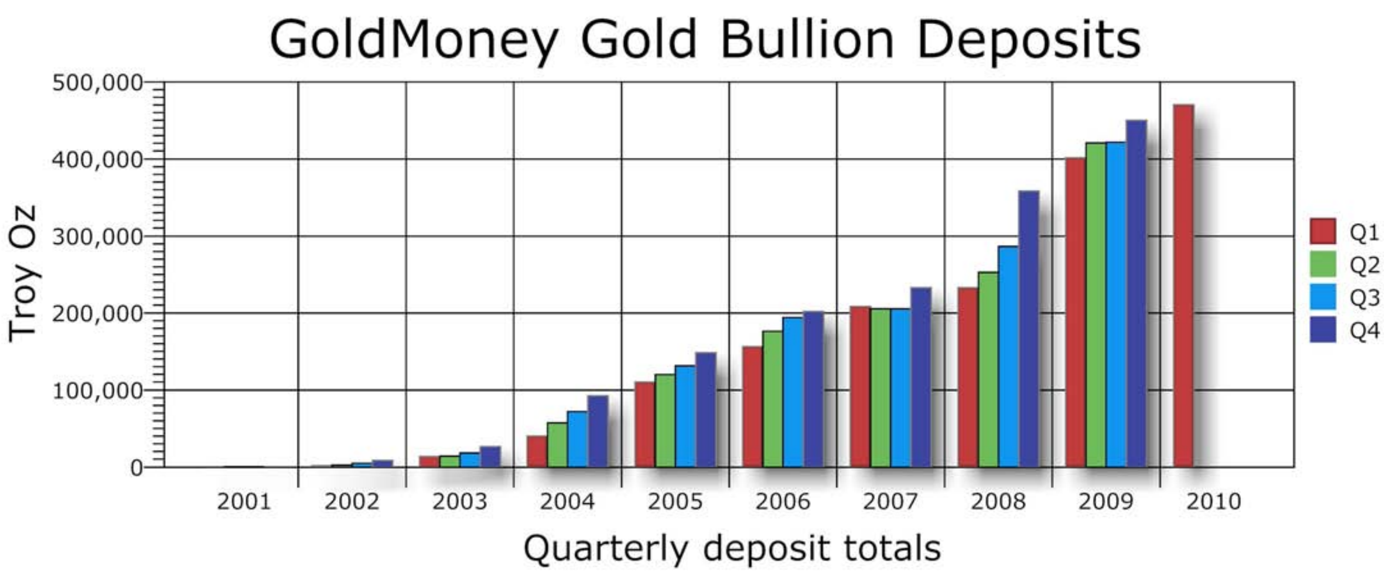

Unmatched growth in customer asset holdings

- *GoldMoney began offering silver purchases and storage to its customers as of January 2006, and platinum as of July 2009. This chart only represents the gold bullion deposits*
- *From the 4th quarter of 2007 to present, these figures include both London and Zurich gold deposits*
- *Gross weight shown*

Image (left) A pallet of gold bars on deposit for GoldMoney

As a regulated company GoldMoney has established an industry-leading governance policy and audit trail to protect the precious metals it buys and holds on behalf of its customers.

VIAMAT INTERNATIONAL

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VAT Registration No. 711 0419 88

Weight List

Account No.: 20-0003

Customer: Net Transactions Ltd.
32 Commercial Street
St Helier
Jersey, Channel Islands

Commodity: Gold Bars
List of: All Items
Number of Items: 468 items
Gross Weight: **188,890.525 oz**
Fine Weight: **188,522.414 oz**

Pallet No.	Item No.	Brand	Gross Weight	Fineness	Fine Weight
PAL/000010	25099	JM-UK	399.775 oz	0.9977	398.855 oz
	25100	JM-UK	398.475 oz	0.9977	397.558 oz
	25102	JM-UK	402.950 oz	0.9977	402.023 oz
	YB2645	Rand Refinery	402.725 oz	0.9988	402.241 oz
	YB2646	Rand Refinery	403.000 oz	0.9988	402.516 oz
	YB2647	Rand Refinery	402.750 oz	0.9988	402.266 oz
	YB2648	Rand Refinery	403.400 oz	0.9988	402.916 oz
	YB2649	Rand Refinery	400.575 oz	0.9988	400.094 oz
	YB2650	Rand Refinery	402.675 oz	0.9988	402.191 oz
	UA 0861	Rand Refinery Ltd	404.650 oz	0.9988	404.164 oz
	UA 0862	Rand Refinery Ltd	408.600 oz	0.9988	408.109 oz
	UA 0864	Rand Refinery Ltd	404.200 oz	0.9988	403.715 oz
	UA 0865	Rand Refinery Ltd	403.575 oz	0.9988	403.090 oz
	UA 3810	Rand Refinery Ltd	403.500 oz	0.9987	402.975 oz
	UA 3812	Rand Refinery Ltd	401.350 oz	0.9987	400.828 oz
	UA 3813	Rand Refinery Ltd	402.625 oz	0.9987	402.101 oz
	UA 3815	Rand Refinery Ltd	402.475 oz	0.9987	401.951 oz
	UA 3818	Rand Refinery Ltd	402.975 oz	0.9987	402.451 oz
	UA 5581	Rand Refinery Ltd	403.350 oz	0.9973	402.261 oz
	UA 5582	Rand Refinery Ltd	402.775 oz	0.9973	401.687 oz
	UA 5584	Rand Refinery Ltd	406.000 oz	0.9972	404.863 oz
	UA 5585	Rand Refinery Ltd	401.050 oz	0.9972	399.927 oz
	UA 5586	Rand Refinery Ltd	403.375 oz	0.9972	402.245 oz
	UA 5587	Rand Refinery Ltd	400.125 oz	0.9972	399.004 oz
	UA 5588	Rand Refinery Ltd	407.100 oz	0.9972	405.960 oz
	UA 5589	Rand Refinery Ltd	401.575 oz	0.9972	400.450 oz
	YB 4894	Rand Refinery Ltd	405.975 oz	0.9987	405.447 oz
	YB 4895	Rand Refinery Ltd	405.975 oz	0.9987	405.447 oz
	YB 4896	Rand Refinery Ltd	408.025 oz	0.9987	407.494 oz
	YB 4897	Rand Refinery Ltd	403.200 oz	0.9987	402.675 oz

Shown here is page 1 of 17 from 1st Quarter 2010 GoldMoney. This shows audited gold on deposit in London, note the pallet number, bar number, brand, weight and fineness.

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Page 1 of 17

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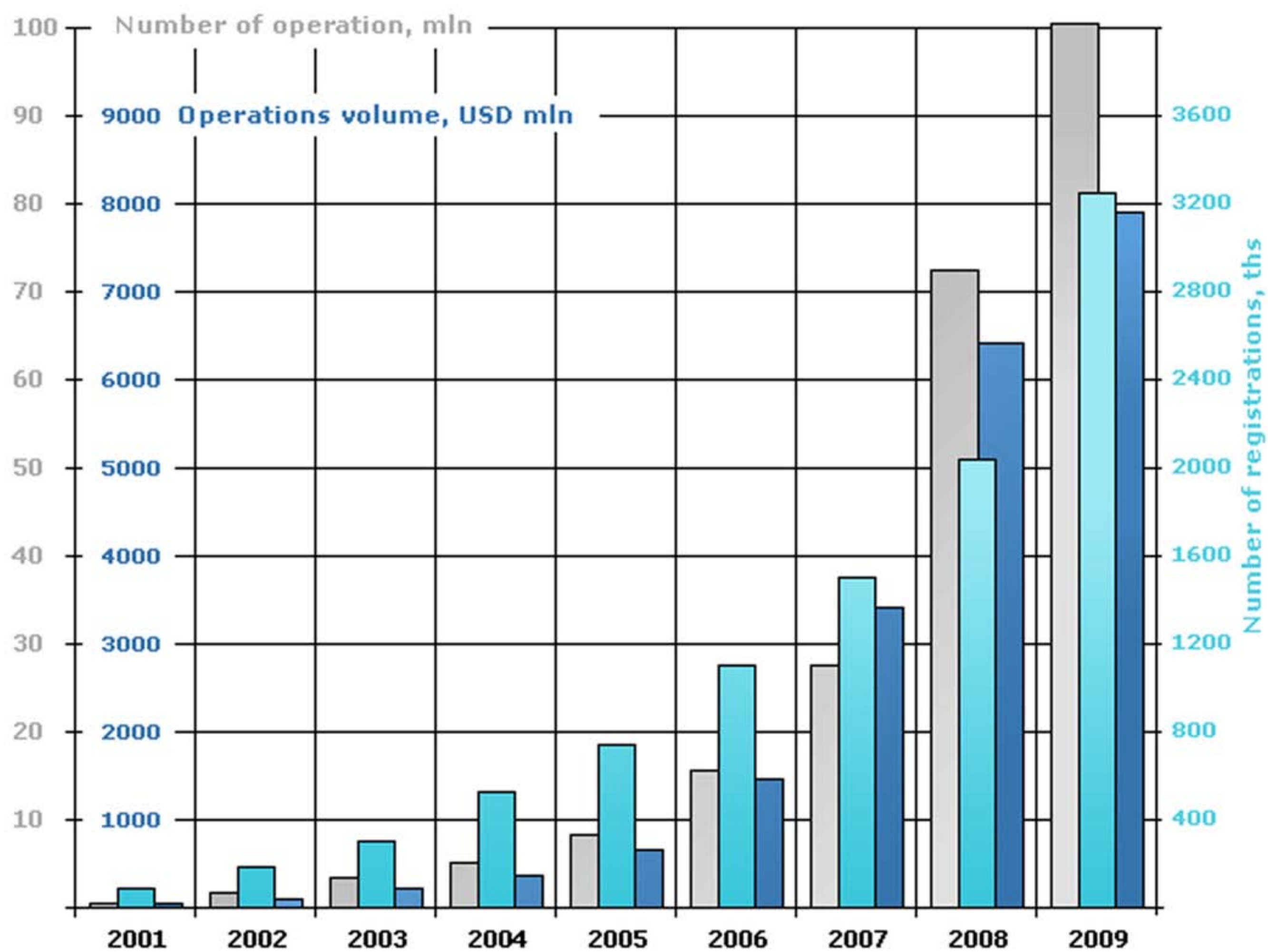
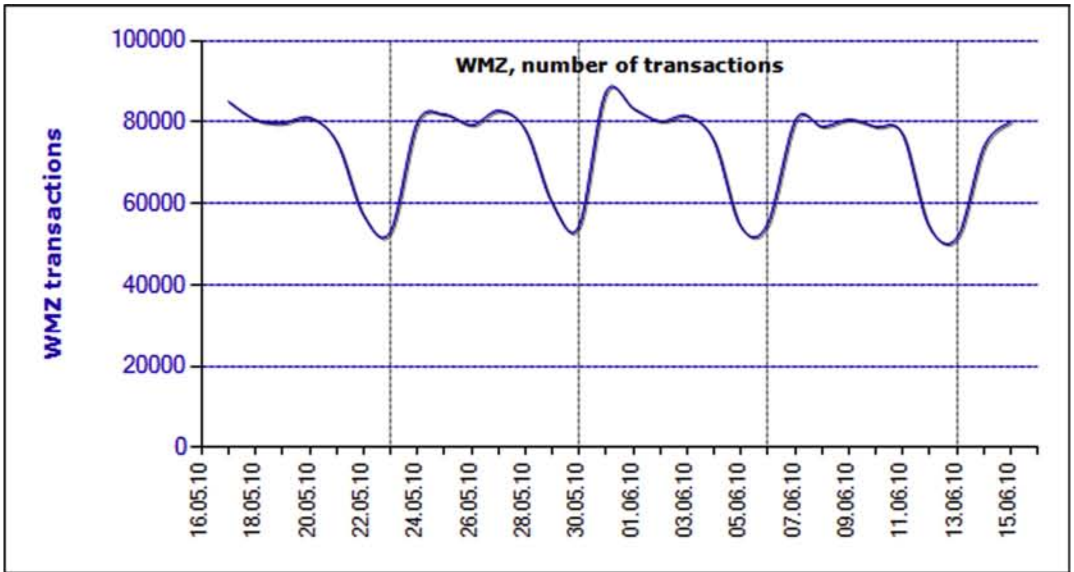
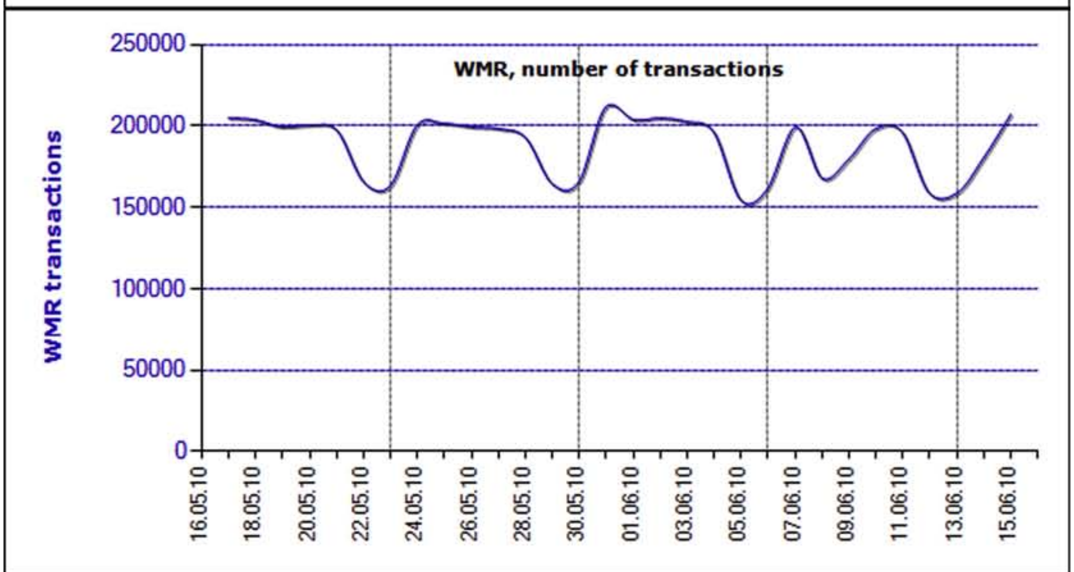
Unlike other digital gold currencies, Webmoney Transfer's business is driven by commerce.

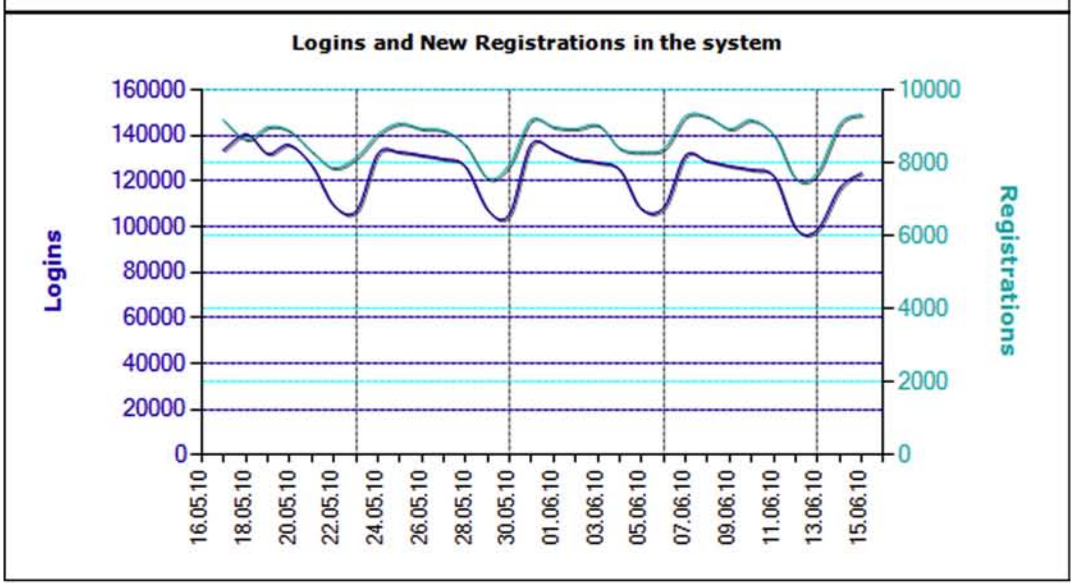
With just a few keystrokes, a Webmoney user can buy a plane ticket, pay a cell phone bill or send money to a dozen friends. *(no bank account needed)* Webmoney purses are used by retail customers for everyday purchases in more than 43 countries around the world. Today, there are more than 11.5 million accounts at Webmoney Transfer.

The future of Webmoney's global retail business including merchant and consumer transaction is 40-50 times the size of any digital gold currency's online commerce business. The company's growth over the past decade has been breathtaking.









ABSOLUTE TRANSPARENCY

Webmoney publishes a long list of customer and account statistics showing both short term and long term activity.

From their current statistics June 15, 2010 Number of daily transactions:
WMR purse: 97,195
WMZ purse: 36,032

Number of weekly transactions: 6/13-6/16
WMR purse: 644,437
WMZ purse: 241,902

Number of monthly transactions: 6/01-6/16 (so far this June)
WMR purse: 2,866,459
WMZ purse: 1,121,878

Total Accounts Registrations in the system:
Total 11,476,798

New Accounts
One day total new: 9,310 (6/15)
One week total new: 26,088
One month totals: 130,983

Active users accessing their accounts:
One day total new: 123,319 (6/15)
One week total new: 221,394
One month totals: 527,497

Metdeal - Gold Bullions List - Mozilla Firefox

http://www.metdeal.com/index/0-16

Metdeal - Gold Bullions List

No	Bar No	Brand Mark	No of Pieces	Bar weight (in Grams)	Fine weigth (in Grams)
1	93876	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
2	93877	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
3	93878	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
4	93879	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
5	93880	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
6	93881	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
7	93882	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
8	93883	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
9	93884	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
10	93885	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
11	93886	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
12	93887	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
13	93888	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
14	93889	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
15	93890	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
16	93891	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
17	93892	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
18	93893	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
19	93894	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
20	93895	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
21	93896	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
22	93897	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
23	93898	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
24	93899	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
25	93900	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
26	93608	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
27	93610	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
28	93612	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
29	93614	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
30	93616	Valcambi SUISSE	1Pc of 1Kg	1 000,00	995,00
31	c274246	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
32	c274247	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
33	c274248	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
34	c274249	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
35	c274250	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
36	c274251	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
37	c274252	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
38	c274253	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
39	c274254	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
40	c274255	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
41	c274256	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
42	c274257	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
43	c274258	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
44	c274259	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
45	c274260	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
46	c274261	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
47	c274262	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
48	c274263	Emirates Gold	1Pc of 1Kg	1 000,00	995,00
		Total	48 Pcs of 1Kg	48 000,00	47 760,00

Price per gram of Gold

We Buy	We Sell
$38,827	$41,229

LBMA Gold Price

Ounce	Gram
$1245,00	$40,028

WMG is the
Webmoney Transfer
Gold Purse.

Like GoldMoney, the digital units are backed by actual gold bars.

The WMG online report shows the bar number, brand along with both gross and net weight. This is available to anyone online
http://www.metdeal.com/index/0-16

The WMG gold is held by custodians at vaults in the United Arab Emirates

A copy of the actual signed accountant's audit report is also available online:
http://www.metdeal.com/img/cert_2.gif

"In a turbulent world it's good to know there's still a safe and reliable place to store your wealth."

For more than 5 years we have been a leading provider of gold storage services

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outstanding customer service,
excellent reliability and
honest transparent governance

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"Pecunix has been created to be a progressive, full featured, user friendly, highly integrated, extremely secure, sophisticated GBIC designed in this millennium for this millennium."

How Pecunix Began

In this type of financial business it can take a company many years to establish a reputation of trust and security. Below is one of the original statements found when researching Pecunix.

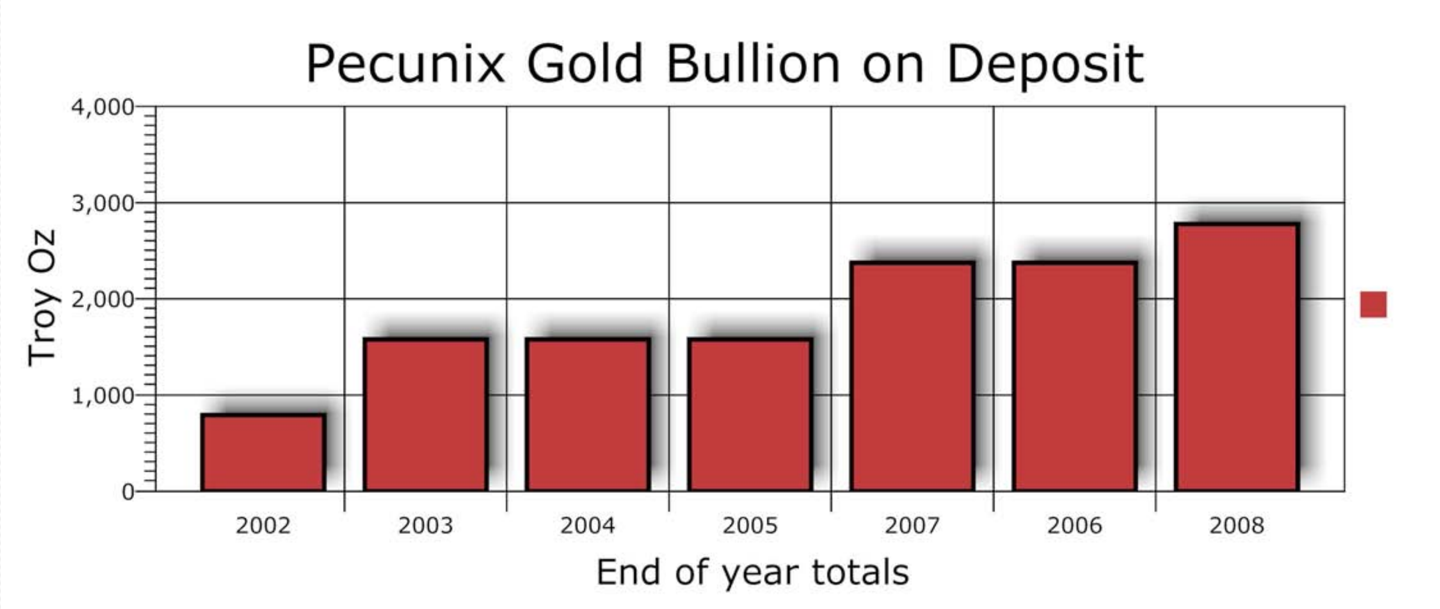
"Pecunix management believe transparency, accountability and governance will bring credibility to an industry on the verge of widespread social and political acceptance."

Statements like this reflect a strong desire of the Pecunix management team to present an honest transparent DGC operation and thus build credibility for the products and company. It is generally accepted that Pecunix has accomplished this goal on a corporate level.

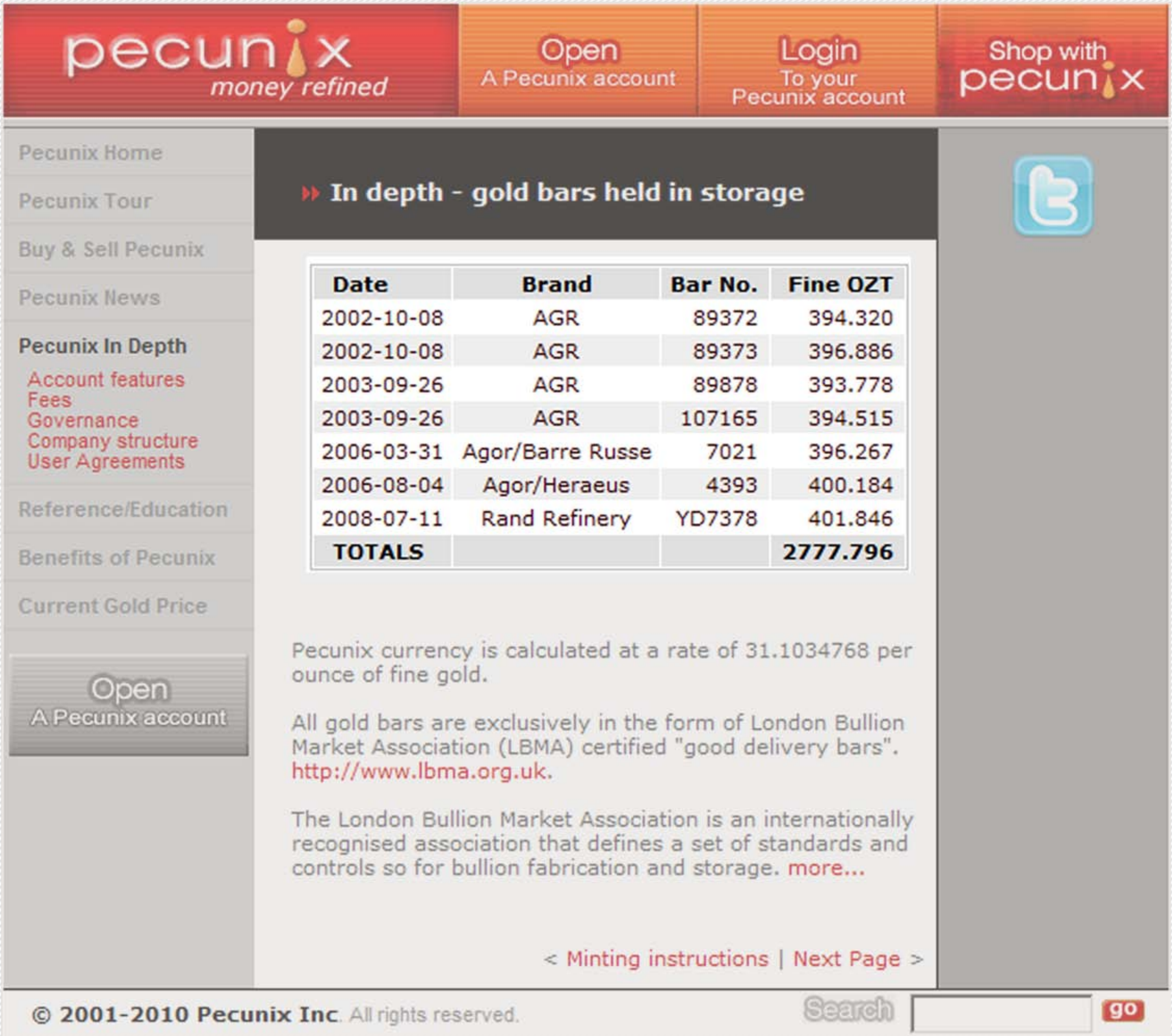
Unfortunately, the DGC industry as a whole has not matured anywhere near a point approaching 'social and political acceptance'.

That much desired representation and point-in-time seems to be far off and possibly even decades away. Without a drastic reduction in credit card penetration or a total collapse of the U.S. Dollar or Euro, it is doubtful that any one private company's actions could bring about such confidence in privately issued digital gold currency. It is the desire of everyone in this industry to move towards social and political acceptance, however, getting everyday citizens to put down their plastic requires a major league shift in the public's frame of mind.

From our experience a faster and more effective route to wide acceptance might be for the DGC business to focus on international cross-border use of DGCs in large corporate settlements such and wholesale business or trade transactions.



The Pecunix system allows for payments as small as 1/10,000th of a gram
(in USD that equals around 4 tenths of one cent)
The Pecunix system opened for public use during December 2002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Pecunix Home
Pecunix Tour
Buy & Sell Pecunix
Pecunix News
Pecunix In Depth
Account features
Fees
Governance
Company structure
User Agreements
Reference/Education
Benefits of Pecunix
Current Gold Price
Open A Pecunix account

In depth - gold bars held in storage

Date	Brand	Bar No.	Fine OZT
2002-10-08	AGR	89372	394.320
2002-10-08	AGR	89373	396.886
2003-09-26	AGR	89878	393.778
2003-09-26	AGR	107165	394.515
2006-03-31	Agor/Barre Russe	7021	396.267
2006-08-04	Agor/Heraeus	4393	400.184
2008-07-11	Rand Refinery	YD7378	401.846
TOTALS			2777.796

Pecunix currency is calculated at a rate of 31.1034768 per ounce of fine gold.

All gold bars are exclusively in the form of London Bullion Market Association (LBMA) certified "good delivery bars". http://www.lbma.org.uk.

The London Bullion Market Association is an internationally recognised association that defines a set of standards and controls so for bullion fabrication and storage. more...

< Minting instructions | Next Page >

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Search go

http://www.pecunix.com/money.refined...ind.goldbars

"With integrity, security, transparency, governance and custodianship beyond reproach, the management of PECUNIX INC are proud to be a part of the organisation that offers this new international digital currency that is 100% underwritten at all times by a corresponding amount of unencumbered physical fine gold."

*http://www.pecunixventureholdings.com/

The amount of money saved from bypassing expensive currency conversions, bank transaction fees and long settlement delays gives Pecunix the clear advantage over conventional bank practices.

Similar to GoldMoney, the Pecunix governance model is secure, transparent and strictly controlled.

Pecunix gold bullion is held by The Anglo Far-East Company through vaults in Switzerland. Originally founded in 1991, AFE (http://www.anglofareast.com/) is a private bullion custodial company and a recognized leader in this area.

Pecunix Venture Holdings
Organized and existing under the laws of the Republic of Panama (duly inscribed at micro jacket: 396635 document: 209471) Pecunix Venture Holdings (PVH) was created in 2001 for the purpose of raising funds for a new Digital Gold Currency. That DGC is known as Pecunix (http://pecunix.com).

The private placement offering, which was used to raise the start up capital, closed in October of 2002 with about 250 private venture capital investors buying only a portion of the possible $5.0 million placement completed.($5.5 with the possible overage) The total capital raised from the initial PPO was $1,188,358.00 USD through the sale of 2,135,905 shares.

These funds were used by the holding company to purchase a portion of another company called Pecunix Incorporated, which was the entity responsible for creating the highly advanced secure digital gold based currency system.

A summary of the legal structure of the entities operating Pecunix is as follows:

Pecunix Gold Foundation - is a Panamanian private interest foundation and will be the custodian of the Gold Bullion Backing the Pecunix currency. (holds title to the physical fine gold backing each Pecunix digital unit)

Pecunix Incorporated - is a Panamanian International Business Corporation and will serve as the issuer and facilitator of the Pecunix Currency.

Siddley Inc. - The corporation responsible for the development, architecture, maintenance and security of the Pecunix software and hardware as well as the implementation of the Pecunix network.

Independent systems auditors to Pecunix are BDO International, (http://www.bdo-international.com/) Their job is to verify the integrity of the database. Along with this responsibility the auditor, as one of three signatories to the Pecunix Gold Foundation, will be an independent verifier and participant in the minting procedure. The other two signatories are the issuer and the bullion agent. The bullion agent The Anglo Far-East Company is also a separate independent third party.

While this private offering raised enough money to establish the business and technology, there were no additional funds remaining to widely market the product or pay for the professional magement of the business.

Despite these obstacles, Pecunix has become a very successful global system. It is worth noting that the management team and the developer, Siddley Inc., made a firm commitment to the success of this venture. They spent many additional hours in the creation of the software system which, if outsourced, would have potentially cost a few addition million dollars. The entire process to develop all the Pecunix proprietary programs, and security systems took over two years. It is believed that to ensure the business retained plenty of day-to-day operating funds the directors of Pecunix have never taken any salary or fee.

- **49% of the shares are held by the directors of PECUNIX INC.**
- **8.5% of the shares were purchased by PECUNIX VENTURE HOLDINGS INC.**
- **The remaining shares are dormant and while a second offering in 2003-2004 was planned it never materialized.**

When e-gold Ltd. began operating, the concept was to create a closed digital system backed by the value of gold. (even the accounts are denominated in grams and ozs.) The operator of the system would not risk dealing directly with any retail customer and thus not engage in any risky financial transactions with unknown parties.

Consequently, the e-gold operation did not accept any direct customer funds. Retail transactions all flowed through a network of third party independent exchange

Continued on page 37

In depth - governance

"The Pecunix governance model combines integrity and privacy second-to-none for the benefit, security and protection of all Pecunix customers."

This is a re-print of text from the Pecunix web site. That web page is one of the only places online you can find this information. It illustrates the minting process for digital gold currency units
http://www.pecunix.com/money.refined...ind.governance

Security for your money. Security for your assets. Security for your data. They're all vital to any online system that deals in the movement of units of value - whether that system is a bank or a gold-based currency like Pecunix.

The lynchpin of Pecunix security is the "one to one" rule: every unit of value present in the Pecunix database has, at all times, a corresponding value of gold stored in an internationally approved vault. Pecunix is not a paper currency backed by the vagaries of national interests; it is a currency with actual weight behind it - the weight of real, solid gold.

Pecunix has, however, gone well beyond this initial step, taking security to unprecedented levels to ensure our account holders can have complete peace of mind. Importantly, we acknowledge that problems occur in any system, so both sides of Pecunix operations - financial and technical - have high levels of redundancy built into them. Essentially, if one section of the system goes down for any reason the other sections are robust enough to keep the currency as a whole running safely and securely.

Minting Procedures
The "one to one" rule, i.e. the rule that every unit of value present in the Pecunix database has at all times a corresponding value of gold stored in an internationally approved vault, is the fundamental basis for all Pecunix security.

But how do we know that the gold is real?

And how do we know that the weight of gold in the vault really equals the value in the Pecunix database?

The answer to both questions is: because four organisations tell us so. To ensure absolute integrity, three of these organisations - the Bullion Agent, the Escrow Agent and the Auditor - are completely independent third parties with no financial interests in Pecunix whatsoever.

Minting Pecunix
If the value of gold in the Pecunix system is to be altered, four separate agents - the Bullion Agent, the Escrow Agent, the Auditor and the Currency Issuer - must be involved in the following progression to ensure secure transfer.

Approved gold bars arrive at the vault. Representatives from the Escrow Agent and the Bullion Agent witness the actual gold bars secured in the vault.

The Bullion Agent records the weights and marks of the gold bars and allocates them to the account of THE PECUNIX FOUNDATION under the watchful eye of the Escrow Agent.

The auditor examines the entry made by the Bullion Agent to ensure that all details correspond with the actual weight of the gold bars that have been witnessed in storage.

When currency is to be created, the Issuer sends a Mint Request from a secure Pecunix system interface to the Auditor and the Bullion Agent. They each verify the exact amount of gold entered into the system, the exact amount of Pecunix that is to be minted, and the specific account that the Pecunix is to be paid into. They each PGP-sign the request to authorise it. Once all three signatures (Issuer, Auditor, Bullion Agent) are submitted to the system, the secure Pecunix software mints the currency to the relevant account.

When currency is to be destroyed, the same process is repeated in reverse. Once all signatures are in, the correct amount of Pecunix currency is destroyed from the designated account. Only once the currency has been destroyed will the Foundation Council release the relevant gold bars from the vault.

Because this progression requires the active participation of independent third parties, Pecunix account holders can be sure that the gold underwriting the currency is not only pure, its value is also accurately represented online.

Ongoing Financial Integrity
Periodically, the Auditor performs an audit on the gold stores. The Auditor issues reports that are displayed on the Pecunix web site. Account holders can click here to view these reports to be sure of the ongoing integrity of the currency.

All gold bars are exclusively in the form of London Bullion Market Association (LBMA) certified "good delivery bars". http://www.lbma.org.uk. The London Bullion Market Association is an internationally recognised association that defines a set of standards and controls so for bullion fabrication and storage.

William Hill Now Supports Webmoney

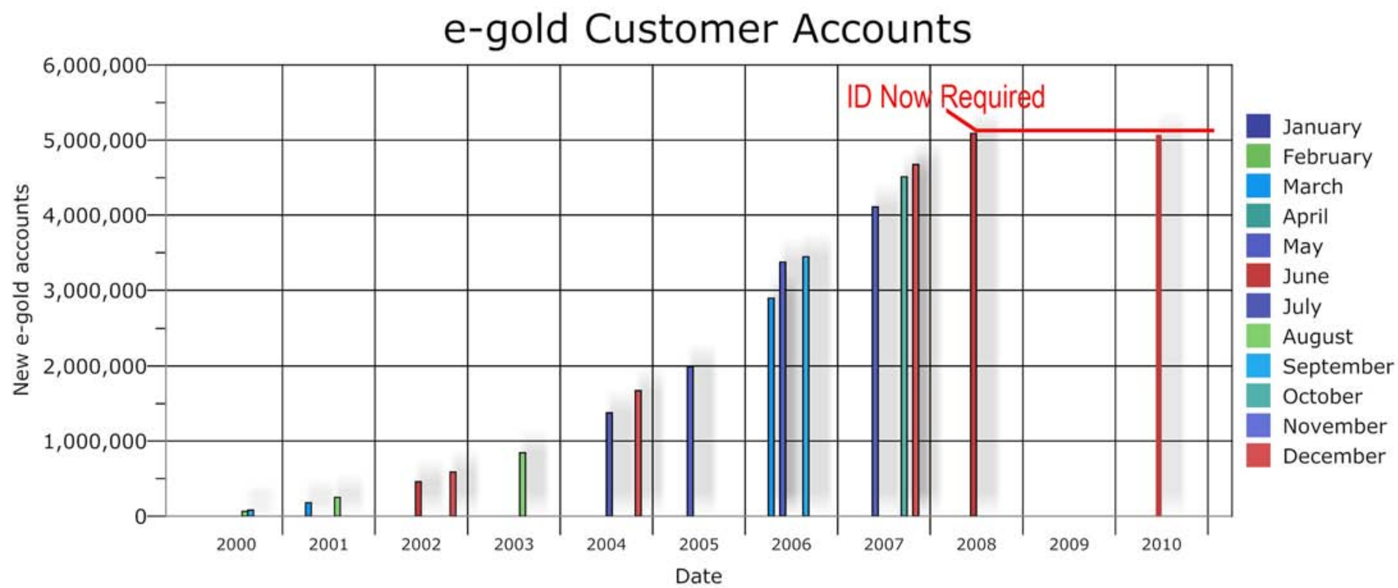
William Hill has just announced that it is now supporting Webmoney as payment method. From now on, you can deposit or withdraw funds via this online payment processor.

Originally, Webmoney offered its services to Russian clients only, which is why this update should be quite important for our community. Also, in order to properly celebrate this, William Hill has announced a $10,000 depositors freeroll available exclusively to Russian PokerStrategists.

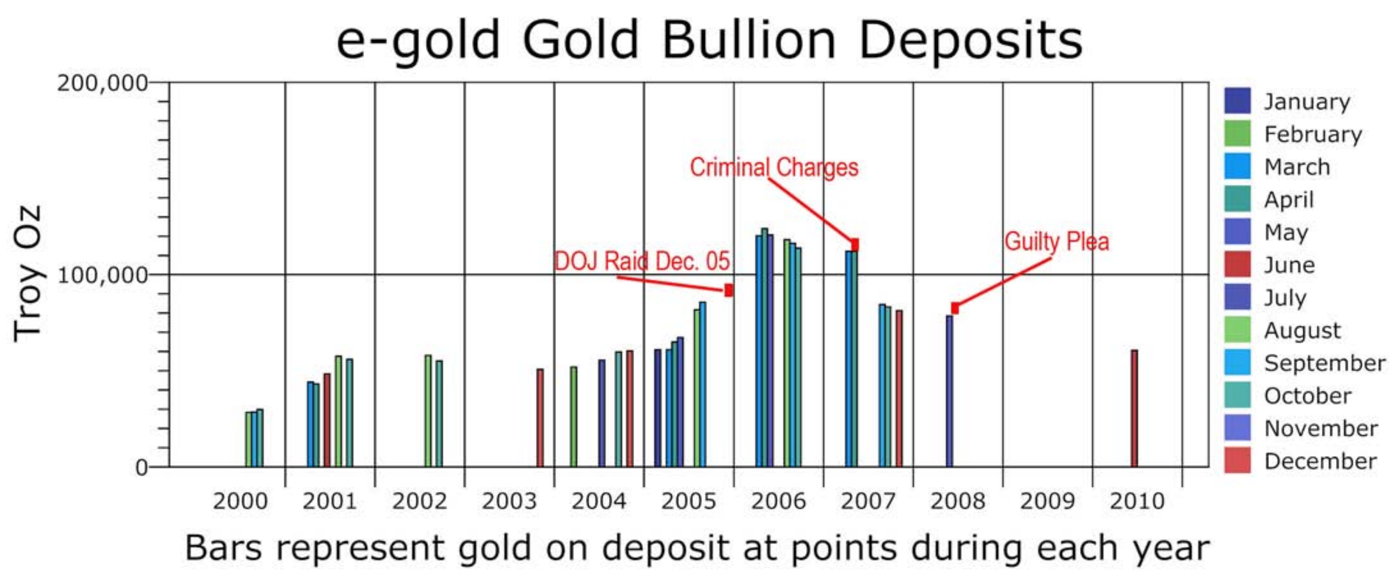
William Hill with its 70 years of experience, roughly 2,300 betting shops and 15,000 employees, is one of the biggest betting agencies in the world. The company, with offices in London and Gibraltar, has been listed on the London Stock Exchange since 2002.

William Hill's online poker room is part of the iPoker network, which has been one of the five biggest poker networks for years.

e-gold's Growth Before Government Intervention



It's very important to note that with no identification requirements on customer accounts and the ability of any one person to have multiple accounts, e-gold has grown to more than 5 million customer accounts. In total contrast, GoldMoney has always had a very significant customer identification policy and during this same time frame GoldMoney has grown to about 15,000 customer accounts today.



Notice during approximately the same point in time (2004-2005), deposits for e-gold and GoldMoney were on the rise almost in sync. The government's effort against e-gold put a stop to their growth.


CHICAGO
"Match of the Millennium"
DGC vs ETF
Tonight's Main Event
"Multi-Billion Dollar Brawl"

Someone's going to try to buy a bar of gold sometime and it won't be there.

- Eric Sprott

All exchange-traded gold instruments, including those that hold physical gold for the benefit of the investor, carry risks beyond those inherent in the precious metal itself.

-Trace Mayer http://www.runtogold.com

The existence of gold and silver commodities market irregularities and irregularities in gold bar reports call into question whether sufficient physical precious metals supplies exist to satisfy all claimed ownership positions and the potential effects on the gold and silver ETFs in the event of an high demand for physical delivery of gold and silver.

-Solari Report
GLD and SLV: Disclosure in the Precious Metals Puzzle Palace By Catherine Austin Fitts and Carolyn Betts

Physical Gold Bullion (coins, ingots & bars)	Digital Gold Currency (allocated gold)	Paper Gold ETF (unsecured creditor)
	Next Page	

	Coins, Ingot, Bars & Jewelry
Ownership of the Actual Physical Gold?	YES, hold it in your hand, you own it
Guarantee of the Gold's Purity	Guaranteed as stamped on the physical gold. If required, test for purity as you hold it.
Liability of the Custodian for Loss	Owner absorbs 100% of loss unless metal is privately insured as with a homeowners policy.
Accuracy & Reliability of audits of physical gold *(is the gold really there)*	100% Accurate: Hold the gold in your hand and you know you own it.
Loans/borrowing against Gold without account owner's knowledge or consent?	Of course not, you own it, you hold it, nothing owed.
Liquidity: When can you buy or sell gold?	Anytime, you own it, sell it anytime you can find a buyer.
Settlement Time Frame: When can I access my funds?	Instantly
Governance	Owner maintains possession of the metal
Delivery of physical metal to account holder?	Yes, required

AT BEST, GLD AND SLV ARE SIMPLY A BANK DEPOSIT PRICED IN SPOT PRICES WITHOUT THE BEN
INVESTORS PROVIDE THE BANKING COMMUNITY WITH THE RESOURCES TO CONTROL AND MANIP

For this example, we used GoldMoney.com as o

Digital Gold Currency	Gold ETF
YES, 100% of owner's gold is held on behalf of the account owner in an allocated account. You own actual gold bullion	NO you do not own allocated gold, you are an unsecured creditor: The GLD Participant Agreement provides (pg 3) "The Authorized Participant acknowledges that it is an unsecured creditor of the Custodian with respect to the Gold held in the Authorized Participant's Participant Unallocated Account and that such Gold is at risk in the event of the Custodian's insolvency."
Tested & Audited - Guaranteed as stamped on the LBMA bars	NO Guarantee: Neither the Trustee nor the Custodian independently confirms the fineness of the gold allocated to the Trust. GLD trust indenture does require that gold deposits by Authorized Representatives satisfy London Good Delivery standards of the London Bullion Market Association ("LBMA"), which is industry standard.
Loss insured by Lloyds of London	GLD does not carry insurance on the gold held on its behalf, however, the GLD Allocated Bullion Account Agreement requires the Custodian (HSBC) to generally maintain insurance on its business, including its "bullion and custody business," on terms it considers appropriate, but there is no required insurance in favor of the Trustee and the GLD shareholders.
100% - The gold bars in an allocated gold account are specific to that account and are identified by a list which shows, for each gold bar, the refiner, assay or fineness, serial number and gross and fine weight.	UNKNOWN: The GLD Trustee apparently does not have access to gold held in vaults of the unidentified subcustodian[s] or subcustodian[s] of the subcustodian[s] (a1)
Gold held in the Trust's allocated account is the property of the Trust and is not traded, leased or loaned under any circumstances.	GLD shares may be sold short into the market. IMO Shares sold short create liability against that issued stock without the owner's knowledge or consent. The new buyer is a second owner of the same shares(gold). How can two owners claim title to the same gold?
Anytime, 24/7 online. DGC accounts are accessed via the Internet and are open 24/7 365 days a year.	Only during exchange/market hours, no holidays or weekends.
Instant. No waiting period, funds are instantly available.	Several days. Generally settlement is three days after the sale. Funds are not available to be wired until that time.
100% guaranteed insurance, purity, creditor and custodianship guarantees along with exceptional governance procedures that mitigate risk and provide customers with assurances of integrity. GoldMoney makes available its regulatory certificates, precious metal inventory and audit reports.	According to the prospectus descriptions, the investor purchases shares that come into existence when one or more broker-dealers that have pre-existing Participation Agreements with the fund, purchase LBMA-compliant gold or silver bullion and deposit the bullion in an unallocated bullion account in increments of 100,000 shares of GLD to form "baskets" in the Trust. Then the "baskets: are broken up into smaller shares that are sold to investors. Redemption of shares for gold or silver can take place only in "baskets," usually exchanged by Authorized Participants. Investors cannot redeem shares for gold except in the "basket" increments........what?
Yes, 100 gram bars or Kilo bars	NO, delivery not possible.

EFIT OF GOVERNMENT DEPOSIT INSURANCE. AT WORST, GLD AND SLV ARE VEHICLES BY WHICH
ULATE THE PRECIOUS METALS MARKET WITHOUT ADEQUATE COMPENSATION. - C.A. FITTS

ur digital gold currency and GLD as our gold ETF.

What if the strange people in the residence next to yours, yes the neighbors, were found to be having 7 & 8 year old children over each week?

Throughout the week, your close neighbors are having young children into their residence and forcing them against their will to have sex. **Your neighbors are raping young children in the house right next door!**

Every week, like clockwork, the young children arrive and leave. Every week you witness this awful crime.

Wouldn't you be outraged that no one had bothered to stop them?

This is a horrible crime against anyone, especially for a small child so young. Wouldn't you be angry that day after day while you knew about this rape, you couldn't stop it.

Rape after rape, scream after scream, week after week, year after year....

This type of crime is one of the worst on earth. Generations of families are changed by the actions of these few people.

It is also entirely possible that your child could be next!

What would you do to try and stop it?

Wouldn't you contact the authorities responsible for preventing this type of crime? Wouldn't you email or telephone someone who works for the government or law enforcement? Wouldn't you reach out to the authorities responsible for preventing such hideous acts? Wouldn't you immediately call the "cops"?

Sure you would....of course you would...you would document what you could and immediately contact the authorities. Absolutely, get the police on the phone, tell them what is happening and they should be right over to stop the crimes....stop the violent rape of a child.

Ok the call has been made. You have done your civic duty and are expecting fast action.

You have reported the crimes to the right government authorities & law enforcement people.

Now sit back and wait for action.... but they never visit your neighbor. The government people never show up, they never inquire.

Where are they?

Image from http://www.hikingartist.com

The agency in charge and the agents responsible for policing these awful crimes never even phoned or visited your neighbor's house!

What is this? Business as usual?

Yes, day after day you watch younger children entering the house. Again, you contact the authorities. You "call the cops". Additionally, this time you have photos of the young children entering the house. You can see into the basement window and you video tape the rapes, you document the crimes...the screams and the crying. There is no doubt what is occurring. Your photos and video are 100% conclusive proof that an awful crime is being committed everyday.

Finally, because of your proof, the authorities in charge MUST STOP this crime.

After two more weeks of this private "neighbor surveillance" and more calls to the authorities, you provide this mountain of additional evidence. You contact them in advance and report, "At 2pm today a 7 year old child will be dropped off at the house and gang raped" and at exactly 2pm that child appears and you witness the crime....you take pictures and offer the authorities indisputable proof.

However, even after presenting ALL of your photos, videos and compelling evidence the authorities they take no action at all.

The next day you receive a call from the chief of Police. He says "thank you for your information" and hangs up.

How would you feel now?

The rapist are still busy each day and the crime goes on...how do you feel?

People rely on those in a position of power, the regulators, the authorities (the "cops") to protect everyday citizens from such villains. We all just expect it.

When an ordinary citizen presents the claim of a ongoing crime along with the specific evidence, it is the job of those in charge, "the authorities" to act on that information.

When the authorities or the people in law enforcement have obvious evidence a crime is being committed and do not act, that lack of action should make them an accessory to that crime. "Covering up" this type of continuous activity by lack of action becomes an additional separate crime.

Everyday citizens should be outraged, angry and screaming at the top of their lungs! How can anyone permit this continued criminal activity? "Stop, Stop, Crime" should be heard across every media outlet.

What has happened to the world when the authorities entrusted to protect the population take no action and permit this continued abuse?

Bernie Madoff ran the country's largest Ponzi Scam in U.S. history. (about 40 Billion)

Despite the fact that the SEC had been warned multiple times over a decade, no action was EVER taken to stop him and the crimes were allowed to continue. The lack of action by the authorities caused direct harm to thousands, perhaps millions of people.

Deja Vu

Mr. Andrew Maguire is an experienced metals trader in London. In November 2009 Maguire contacted United States Commodity Futures Trading Commission (CFTC) enforcement division to report alleged criminal activity. He described in detail the way JPMorgan Chase signals to the market its intention to take down [lower the market price] the precious metals. *(this is manipulation)* Traders recognize these signals and make money shorting the metals alongside JPMorgan Chase. Maguire explained how there are routine market manipulations at the time of option expiry, non-farm payroll data releases, and COMEX contract rollover, as well as ad-hoc events.

On February 3, 2010 Maguire gave two days' warning by e-mail to Eliud Ramirez, a senior investigator for the CFTC's Enforcement Division, that the precious metals would be attacked upon the release of the non-farm payroll data on February 5. On February 5, as market events played out exactly as predicted, further e-mails were sent to

Ramirez while the manipulation was in progress. It would not be possible to predict such a market move unless the market was manipulated.

From: Andrew Maguire
To: Ramirez, Eliud [CFTC]
Cc: BChilton [CFTC]; GGensler [CFTC]
Sent: Friday, February 05, 2010 3:37 PM
Subject: Fw: Silver today

A final e-mail to confirm that the silver manipulation was a great success and played out EXACTLY to plan as predicted yesterday. How would this be possible if the silver market was not in the full control of the parties we discussed in our phone interview? I have honored my commitment not to publicize our discussions. I hope you took note of how and who added the short sales (I certainly have a copy) and I am certain you will find it is the same concentrated shorts who have been in full control since JPM took over the Bear Stearns position. It is common knowledge here in London among the metals traders that it is JPM's intent to flush out and cover as many shorts as possible prior to any discussion in March about position limits. I feel sorry for all those not in this loop. A serious amount of money was made and lost today and in my opinion as a result of the CFTC's allowing by your own definition an illegal concentrated and manipulative position to continue. Bart, you made reference to it at the energy meeting. Even if the level is in dispute, what is not disputed is that it exists. Surely some discussions should have taken place between the parties by now. Obviously they feel they can act with impunity. If I can compile the data, then the CFTC should be able to too. I would think this is an embarrassment to you as regulators. Hoping to get your acknowledgement.

Kind regards,
Andrew T. Maguire

On February 9, despite a mountain of evidence presented to the CFTC enforcement division verifying the alleged criminal activity, **NO ACTION** had been take to stop or prevent the ongoing crime.

From: Andrew Maguire
Sent: Tuesday, February 09, 2010 8:24 AM
To: Ramirez, Eliud [CFTC]
Cc: Gensler, Gary; Chilton, Bart [CFTC]
Subject: Fw: Silver today

Dear Mr. Ramirez,
I hadn't received any acknowledgment from you regarding the series of e-mails sent by me last week warning you of the planned market manipulation that would occur in silver and gold a full two days prior to the non-farm payrolls data release. My objective was to give you something in advance to watch, log, and follow up in your market manipulation investigation. You will note that the huge footprints left by the two concentrated large shorts were obvious and easily identifiable. You have the data. The signals I identified ahead of the intended short selling event were clear. The "live" action I sent you 41 minutes after the trigger event predicting the next imminent move also played out within minutes and exactly as I outlined. Surely you must at least be somewhat mystified that a market move could be forecast with such accuracy if it was free trading. All you have to do is identify the large seller and if it is the concentrated short shown in the bank participation report, bring them to task for market manipulation. I have honored my commitment to assist you and keep any information we discuss private, however if you are going to ignore my information I will deem that commitment to have expired. All I ask is that you acknowledge receipt of my information. The rest I leave in your good hands.

Respectfully yours,
Andrew T. Maguire

*** * ***

From: Ramirez, Eliud
To: Andrew Maguire
Sent: Tuesday, February 09, 2010 1:29 PM
Subject: RE: Silver today

Good afternoon, Mr. Maguire,
I have received and reviewed your email communications. Thank you so very much for your observations.

* * *

On March 25th, (the "authorities" the CFTC) the United States Commodity Futures Trading Commission held a public hearing. During that hearing and for the record, Andrew Maguire was identified as having sent e-mails to Bart Chilton, a CFTC commissioner, and Eliud Ramirez, head of the commission's enforcement division, alleging that JPMorgan had used its massive metals positions to manipulate the commodities markets.

The evidence has been presented.

Those responsible for enforcing the law and preventing future crimes have been repeatedly notified. The regulators at the CFTC are well aware of the activity.

To date, NO ACTION has been taken and the rape continues adversely affecting millions of people around the world.

Are you angry yet?

For more information on this situation please see
http://www.gata.org

Article by Mark Herpel

agents. This set up became a sort of ‘defacto’ DGC model for a number of years. Pecunix still operates today as e-gold did in it’s early years.

Similar to the Federal Reserve which creates the currency but only deals with other banks, this DGC model manages the digital gold currency system but never deals directly with any retail customers. Just as you can’t ‘drive through’ the Federal Reserve Bank and cash your weekly paycheck, you could never send a wire transfer or payment directly to e-gold or Pecunix.

Using this original DGC model, no customer information is ever requested or verified when opening & operating a Pecunix account. The checking of ID, the verification of a customer’s real identity and requesting a source of funds on any transaction... these are all non-existent requirements within the Pecunix system just as they were for e-gold during it’s boom years.

Identical to the original e-gold model, the Pecunix operator is simply responsible for the day to day technical aspects of the online payments and the maintaining of the assets backing the digital units. Since they don’t deal directly with any retail customers the concept is that they should not be required to ‘know’ any of them or ask ‘what’ they do with their funds. This is the basic idea of privacy and freedom that digital gold currency pioneered across the Internet. Physical cash like notes and coins have certain anonymous properties and digital currency systems, in particular, digital gold currency was created to mimic those properties.

The Pecunix digital gold currency system continues to operate today exactly as it did from day one back in 2002. However, because of it’s jurisdiction and certain issues with the Federal Government, e-gold has modified it’s model to include strict verification of all account holders similar to PayPal.

Where Is the ETF's Gold?

By: James Turk, The Freemarket Gold & Money Report
Letter No. 355
November 22nd, 2004
http://www.fgmr.com/index.html

This past Thursday trading began on the NYSE for what is being called a 'gold ETF'. Here's how CBSMarketWatch described it just before the launch: "The first exchange-traded fund investing in gold bullion will begin trading on the New York Stock Exchange on Thursday, said sources familiar with the situation. Called StreetTracks Gold Shares, the ETF will trade under the symbol 'GLD' with the World Gold Council as the sponsor." After the launch Reuters reported: "The ETF…offers investors the ability to access the gold bullion market, with each share representing one-tenth of an ounce of gold." [Emphasis added]

From these and other news reports it would appear that anyone buying this new ETF is buying gold bullion. But a different picture emerges from a careful reading of GLD's prospectus and accompanying advertising material.

By way of background, I have been following very closely the development of the gold ETF because I wanted to see if it would have a high level of governance over its bullion assets that was comparable to what my colleagues and I have achieved in GoldMoney. A product launched by the World Gold Council could have some competitive impact. Additionally, GoldMoney is exploring the possibility of creating its own ETF using goldgrams as the underlying asset.

Last year after analyzing the WGC's proposed ETF, I concluded that its custodial controls were inadequate. In December 2003 I wrote: "The risks of the WGC's funds appear too great. Until more questions are answered and/or the fund's structure is changed to eliminate its loose custodial controls, I do not recommend that these funds be purchased." To understand this conclusion, I recommend reading that article in full.

Shortly after my article appeared, representatives of the WGC contacted me and threatened me with a lawsuit, unless I retracted the article. Needless to say, I was shocked, because I knew my work to be accurate, based as it was on publicly available information (i.e., the draft prospectus of the proposed US fund and the actual prospectus for similar funds in London and Australia). Also, it was clear from my article that I was focusing upon the importance of owning physical gold bullion, rather than just paper promises to deliver gold. Given that the stated mission of the WGC is to encourage ownership of physical gold bullion and to educate consumers about gold, why were they menacing me? But the threat of litigation does cause one to focus their mind, so I hired a top NYC attorney specializing in SEC law, just in case the WGC followed through on its threats.

Fortunately, they didn't. I assume that the WGC in the end recognized my work to be accurate, and that they didn't have a case. My attorney came to the same conclusion. What's more, he advised that the WGC was interfering with the work of an analyst, which is something the SEC seriously frowns upon. Remember the hot water Donald Trump got into when he intervened to have a brokerage firm analyst fired after writing a negative story on Trump's casinos?

Anyway, because of discussions with my attorney and some additional study, I learned a lot about SEC procedures. And one of the foremost requirements established by the SEC is that mutual funds must have absolute control over their assets.

In other words, this requirement exists to make sure that retail investors purchasing shares in a mutual fund are in effect buying the assets the fund is supposed to own, and not just some promise to deliver those assets. I understand that this safeguard is required because of past instances in which certain funds never really owned the assets they purported to own, and collapsed with losses

to the fund's shareholders. Thus, by enforcing this requirement, the SEC is doing its job of protecting the 'little guy'. The conclusion of my December 2003 article was that the WGC's proposed ETF did not meet this requirement, which I took to be the reason the SEC had not registered at that time the WGC's proposed fund despite the many months it had been under review.

Given GLD's recent launch, I was therefore interested to learn from its prospectus how GLD had been changed to provide the necessary assurances of integrity that the fund's gold bullion assets really exist. More specifically, I was interested to learn how the WGC had improved the custodial controls so that GLD met the same standard that the SEC applies to other mutual funds. The answer came quickly. It didn't.

Even before starting the prospectus, I downloaded the 2-page fact sheet from http://www.streettracksgoldshares.com, and there on the first line was an eye-opener laying out the essential nature of GLD: "Objective: Designed to track the price of gold".

Its objective is not to provide investors with the opportunity to own gold bullion by investing in the shares of an ETF. Rather, GLD is designed to track the price of gold. That objective is no different than what is accomplished by a gold futures contract or any of the dozens of numerous gold derivatives available these days. More to the point, futures and derivatives are sold even if the seller does not own the underlying gold bullion needed to deliver on its obligation. They are in practice fractional reserve systems, which allow liabilities for gold to far exceed the quantity of gold owned by the seller of that liability.

Notwithstanding the numerous news accounts that described GLD as a means of investing in gold bullion, GLD cannot be accused of false advertising. Based just on their 2-page fact sheet, the WGC has by its own description created a security which has been designed to bet on the price of gold, not to enable investors to own physical gold bullion. My subsequent reading of the prospectus confirmed this conclusion because on the face of it, the weaknesses I identified in my December 2003 article have not been corrected. GLD has the same loose custodial controls described in the early draft prospectus.

To explain this point, the London bullion market operates on a 'trust-me' basis. Rather than move gold bars around when they are bought and sold – which is a costly process – the various participants accept the word of their counter-party that the bar they just bought really exists, and that it is safely stored in the counterparty's vault or the vault of another market participant.

Thus, for example, when GLD adds a gold bar, there is no assurance that the gold bar really exists unless it is in the vault of the custodian, HSBC. But the prospectus discloses that HSBC uses subcustodians and even sub-subcustodians, and what's worse, "the Custodian is not liable for the acts or omissions of its subcustodians". In other words, if the subcustodian does not have the gold, GLD "Shareholders cannot be assured that the Trustee will be able to recover damages from subcustodians...for any losses relating to the safekeeping of gold by such subcustodian". This means that "Because neither the Trustee nor the Custodian oversees or monitors the activities of subcustodians who may hold the Trust's gold, failure by the subcustodians to exercise due care in the safekeeping of the Trust's gold could result in a loss to the Trust." To be blunt, these disclosures mean that there is no certainty that the gold supposedly owned by GLD really exists. After all, if there was complete certainty that the gold did exist, the objective of GLD would be to provide investors with the opportunity to own gold bullion by investing in shares of an ETF, rather than its stated objective to just track the price of gold.

To explain this gold storage risk in greater detail, it is necessary to describe how the London bullion market functions. There are several vaults in London used by the various market participants, but I want to draw attention to only one – the vault owned and operated by the Bank of England. The BoE plays a central role in the operation of the London bullion market, as its vault is actively used as a clearing agent. In other words, the various bullion banks keep storage accounts with the BoE, and here's an example of how the clearing process works.

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Say, Morgan Bank buys a gold bar from HSBC. Rather than incurring the cost of shipping the bar from HSBC's vault to Morgan's, HSBC says that Morgan can have one of HSBC's bars held on account with the BoE. The BoE makes a bookkeeping entry ('clearing' HSBC's obligation to Morgan), while enabling HSBC and Morgan to save the expense of shipping the bar between different vaults. Morgan now owns the gold bar in the BoE vault that was previously owned by HSBC. The BoE is reputed to store more gold than any other participant in the London bullion market, and here is where the problem arises.

The BoE does not allow the gold in its vault to be audited. In fact, there is no way of substantiating that the gold stored there is not owned by multiple parties, or for that matter, that the gold supposedly stored there even exists. Like the gold reportedly stored in Ft Knox, there is no verification of its existence by independent (i.e., non-government) auditors.

This reality is surprisingly not acknowledged by the GLD prospectus, which states: "The Trust's independent auditors may…visit the Custodian's premises in connection with their audit of the financial statements of the Trust." In what appears to be a glaring omission, the prospectus fails to disclose the important risk that the independent auditors will not visit the vaults of the subcustodians and sub-subcustodians, and more to the point, that the BoE does not allow auditors into its vault, even though the prospectus allows for the possibility that all of the fund's gold may be stored in the BoE.

Hence, by accepting the loose custodial controls of GLD, the SEC has thrown caution to the wind. It has inexplicably accepted for registration a fund that does not meet the same custodial standards required of other retail-oriented mutual funds. The question is why? For what reason has the SEC established this dangerous precedent with these nebulous custodial arrangements that could be exploited in GLD or in the future by unscrupulous operators who mimic the custodial structure, but have no intention of delivering the underlying assets to the fund? And after sitting on the WGC's filing for 18 months, why was GLD finally registered and launched this week?

Readers who are familiar with www.GATA.org and its research will no doubt recognize the subtle coincidence of surprising occurrences. For those not familiar with its work, GATA is an informal association of analysts (I am a card-carrying GATA member and proud of it) who contend that the gold price is being managed by central banks. For several years GATA's analysts have been providing ongoing evidence to support this conclusion.

For example, in an article published last week, John Brimelow states: "It was interesting to find in Paul Volker's memoirs the following comments about the aftermath of the successful American effort in 1973 to force a 10% currency revaluation on Europe and a 20% revaluation on Japan: 'The key was the yen currency of Japan, which had an enormous trade surplus. Appreciating the yen 10% against gold, and devaluing the dollar 10% against gold would mean that the yen would have appreciated by 20% against the dollar. European currencies would remain stable against gold and appreciate 10% against the dollar. On the condition that Japan agreed to revalue the yen, the European countries agreed to the realignment of exchange rates and the U.S. announced that the dollar would be devalued by 10%. By switching the yen to a floating exchange rate, the Japanese currency appreciated, and a sufficient realignment in exchange rates was realized. Joint intervention in gold sales to prevent a steep rise in the price of gold, however, was not undertaken. That was a mistake. Through March, the price of gold rose rapidly, and that knocked the psychological props out from under the dollar.' One can infer that the mistake of allowing gold an unrestrained voice at times of policy shifts was subsequently guarded against." In other words, the gold price is being thwarted by active central bank intervention, so that central banks do not repeat the 1973 experience described by Mr. Volcker – or more broadly, today as in 1973, gold and the dollar are competitors, and gold is being managed to make the dollar look better than it really is.

Therefore, is it just coincidence that British exchequer Gordon Brown was recently trotted out again as the gold price was climbing to raise that old canard about the IMF selling some gold? When his statement had no effect and the gold price continued to rise, it was clear that gold's price managers needed stronger medicine.

So on Friday the Banque de France said it would dishoard 500 tonnes of gold over the next five years, a conspicuously timed announcement given the quiet accompanying the 2nd Washington Agreement on Gold after the IMF meeting in early October. As John Brimelow astutely remarked: "Experienced observers of the gold market will have been amused to see the French gold sale announcement, sustaining the long tradition of this type of thing happening during interesting phases of gold price activity." But in contrast to past anti-gold announcements by central banks, recent jawboning has had little visible effect in talking down the gold price, which continues to rise.

Thus, jawboning by central banks is no longer enough. And given the ongoing decline in hedging by gold miners, the central banks need new tools in their attempts to suppress the gold price. One of these tools is apparently now being delivered by GLD. Because of its loose custodial controls and the opaque cloak thrown over vaulting at the Bank of England, GLD can deflect demand for physical gold into the paper market. Mineweb.com neatly explained this outcome in a recent article, the title of which makes clear the essential nature of a new security launched in South Africa with WGC support, "Paper gold for Johannesburg".

People who might have otherwise bought physical gold coins or bars, but wanted the same thing with more convenience, could be misled into thinking that they are buying physical gold by investing in the shares of GLD. But given GLD's loose custodial controls, there is no certainty that the investor is actually buying gold bullion in the form of an exchange-traded security. They may instead only be buying paper (i.e., a promise to deliver physical metal, rather than the metal itself) because there is no possibility by independent auditing or other means to substantiate that the gold supposedly owned by GLD and stored in the BoE and other vaults (other than HSBC's vault) really exists. This mechanism thus provides the central banks managing gold's price with a tool to divert into paper promises the money coming from investors who otherwise think they are buying physical metal, thereby enabling these central banks to relieve the upward pressure we have been seeing on the gold price. Therefore, if you are intending to buy physical gold bullion, do not buy GLD.

I would like to thank the many members of the GATA army who supplied information and ideas for this article, particularly Ron Lutka. But I would like to call on the army for another task. A lot of important questions need to be answered.

We need to find out why the SEC registered GLD. What's more, why did it happen just as gold's price managers are starting to lose control of the gold market and need new tools to bolster their efforts to keep a lid on the gold price?

The SEC has broken with precedent. Like the bucket-shops of the 1920's that allowed investors to bet on price changes without owning the underlying security, GLD enables investors to bet on the price of gold, without GLD being required to meet the same custodial standards required of other retail-oriented mutual funds. Why? Did central banks force the SEC to register the WGC's fund? Did the SEC cave-in under central bank pressure, even though GLD's loose custodial controls conflict with longstanding SEC requirements and establish a dangerous precedent? Why did the SEC register GLD in a week when anti-gold jawboning by central banks wasn't working, making clear they need new tools to keep a lid on the gold price? And why doesn't the prospectus disclose the big risk that there are serious restrictions on auditing the gold supposedly owned by the fund?

The SEC needs to be called 'on the carpet'. And I call on the GATA army to do it.

In conclusion, as gold climbs higher, the nefarious scheme to manage its price comes closer to collapsing. When it does, many ill-fated and uninformed investors will come to understand that the promises they hold to deliver gold to them aren't worth the paper they are printed on. Don't fall for that trap. Don't take risks with your bedrock asset – gold. Demand physical bullion. Don't take paper.


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The gold standard: generator and protector of jobs

by Hugo Salinas Price

http://www.plata.com.mx/

The abandonment of the gold standard in 1971 is closely tied to the massive unemployment the industrialized world has suffered in recent years; Mexico, even with a lower level of industrialization than the developed countries, has also lost jobs due to the closing of industries; in recent years, the creation of new jobs in productive activities has been anemic at best.

The world's financial press, in which leading economists and analysts publish their work, never examines the relationship between the abandonment of the gold standard and unemployment, de-industrialization, and the huge chronic export deficits of the Western world powers. Might it be due to ignorance? We are reluctant to think so, given that the articles appearing in the world's leading financial publications are written by quite intelligent analysts. Rather, in our opinion, it is an act of self-censorship to avoid incurring the displeasure of the important financial and geopolitical interests that are behind the financial press.

In this article we discuss the relationship between loss of the gold standard and the present financial chaos, which is accompanied by severe "structural imbalances" between the historically dominant industrial powers and their new rivals in Asia.

World trade before 1971

From the end of World War II through the 1960s, all well-governed nations in the world sought to maintain a constant balance between their exports and imports. They all wanted to maintain a situation where they exported more than they imported, so that they could accumulate growing Treasury reserves of gold, or in its defect dollars, which, under the terms of the United States (US) promise in the Bretton Woods Agreements of 1944, could be redeemed by any Central Bank that requested gold in exchange for its dollars.

To be precise, we cannot fail to mention one exception. The exception to the rule was none other than the US. All well-governed countries sought to export more than they imported, except the US.

The US was not overly concerned with maintaining a balance between exports and imports, because – according to Bretton Woods – the US could pay its export deficits by the simple expedient of sending more dollars to pay its creditors. As the sole source of dollars, the US had a clear advantage over the rest of the world; they could pay their debts in (redeemable) dollars that they themselves printed.

Economists of the day warned of the danger of this practice, which resulted in a constant loss of American gold. From over 20,000 tons at the end of World War II, US gold reserves dropped year by year as certain countries, notably France, insisted on redeeming their dollars for gold at a rate of 35 dollars per ounce of gold. France incurred intense displeasure in Washington and New York due to its demands for gold in exchange for dollars; some analysts attribute the unrest in France in the spring of 1968 to covert operations by the US intelligence services, in a show of America's disapproval of the behavior of France, led at the time by General Charles de Gaulle.

The US did nothing to slow the loss of gold. In the early months of 1971, Henry Hazlitt, a solid classical economist, predicted that the dollar would have to be devalued; he said it would be necessary to increase the number of dollars that would be needed to obtain an ounce of gold from the United States Treasury. Only months after his warning, the dam burst, and

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in August 1971 the US was forced to devalue its currency, because the amount of gold in its reserves had fallen to a dangerous level. (Today, many doubt that the US has the 8,000 tons of gold it claims to have in its vaults at Fort Knox and the US Military Academy at West Point, N.Y.)

What Henry Hazlitt never imagined was that instead of devaluing the currency – the recommendation of Paul Samuelson, Nobel Prize Winner in Economics, published the week before August 15, 1971 – President Nixon took the advice of Milton Friedman and declared that from that time forward the US would no longer redeem dollars held by the world's central banks at any price. The US unilaterally violated the terms of Bretton Woods. In effect, it was actually financial bankruptcy.

Since then, all world trade – or most of it, as the euro, the pound sterling, and to a lesser extent the yen all compete with the dollar – is conducted using dollars that are nothing more than fiat money, fake money. Because all the world's other currencies were bound to gold through the dollar, the immediate consequence was that simultaneously they also became fiat money, fake money with no backing.

Consequences of abandoning the gold standard

The consequences of that fateful day have overthrown all order and harmony in economic relations among the nations of the world, while facilitating and expediting the global expansion of credit because part of the dollars exported by the US ended up in the reserves of Central Banks around the world.

Countries began to accumulate dollars as the expansion of credit in the US advanced inexorably, now free of the restraint formerly imposed by Bretton Woods. The rest of the world was forced to accumulate dollars in reserves, because having insufficient dollar reserves, or having reserves that did not grow, or worse, having falling reserves, was a clear sign for monetary speculators to attack a country's currency and destroy it with devaluation.

As the loss of gold ceased to be a limiting factor, the last restrictions on the expansion of credit were stripped away. A heavy flow of dollars to all parts of the world spurred the expansion of global credit, which did not stop until 2007. The international banking elite always strive to obtain greater profits and to that end always seek to expand credit. Starting in 1971, freed of the restraint of being required to pay international accounts in gold, or with dollars redeemable for gold, the constant unfettered creation of credit and still more credit ensued. It was boom time in the US.

The US, which paid the rest of the world with its own irredeemable dollars of no intrinsic value, lauded the adoption of "free trade" and "globalization". The US could buy whatever it wanted, anywhere in the world, in any quantity, and at any price. Starting in the 1990s, its export deficits became alarming, but nothing was done to reduce them; on the contrary, they grew year by year.

Mexico, following the US example, joined NAFTA – the North American Free Trade Association. Down with import tariffs! Free trade with the world! The new vision offered the enthralling, seductive picture of a globalized world without borders, where everyone could buy and sell where they liked, with no limits. The 90's were years of unbridled optimism for globalization!

Free Trade is unquestionably beneficial for humanity at large. It is good to be able to buy goods where they are cheapest; some countries enjoy conditions that favor them in production of certain things; each country should produce those things in which it has an advantage over other countries. Thus, the whole world can benefit from the good things each country has to offer. It is an appealing and sound doctrine, but… there is a crucial catch: the doctrine of Free Trade was conceived for a world where the sole means of payment was gold. When the doctrines of "Free Trade" and the "Comparative Advantages of Nations" were developed, the economists of the day could not imagine a world that did not use gold, but instead relied on a fiat money that could be created at will by a single country.

The "globalization" of the 1980s and 1990s and to date is based on the ideas of "Free Trade". However, in the absence of the gold standard that existed when the doctrine was conceived, "globalization" had https://www.gold-pay.com

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completely destructive results, which have caused the de-industrialization of the West and the rise to power of Asia.

In the decades prior to 2007 a massive fleet of cargo ships was created, which sailed for the US and Europe – the West in general, Mexico included – bearing all kinds of inexpensive, quality products made in Asia. The flood was so great that local factories in the Western World were forced to move to Asia, to employ cheaper labor and continue to sell their products in the West.

My readers will know how many industries, large and small, have ceased to exist in the US and the West in general, because Chinese competition killed them. They will know as well how hard it is to find a product that can be produced at a profit in the developed countries. It is very difficult to find a niche for any product to be manufactured locally. The flight of factories to Asia to take advantage of lower wages caused unemployment where local factories were closed. For the same reason job creation is slow or non-existent.

A taxi driver in Barcelona told us: "Spain is a service economy. Industry is no longer our foundation. If tourists stop coming, we'll die." By the same token, it has been said of Greece: "It produces olive oil and tourism, and nothing more." The US, industrial colossus of the post-war world, has been de-industrialized. Now, what are developed countries to do to create jobs?

Diagnosis of the evils of de-industrialization and unemployment

These evils appeared because gold was eliminated as a) a constraint on the expansion of credit and the creation of money, and b) the only form of payment of international debt.

Under the gold standard all players in international trade knew that it was only possible to sell to a country that sold something else in turn. It was not possible to buy from a country that did not buy in turn. Trade was naturally balanced by this restriction. The "structural imbalances" so commonplace today were unheard of.

For example, in 1900, Mexico could export coffee to Germany because Germany, in turn, exported machinery to Mexico. Germany could buy coffee from Mexico because Mexico, in turn, bought machinery from Germany. Each transaction was denominated in gold, and as a result there was a balance based on an economic reality. Because there was balance in world commercial relationships, a relatively small amount of gold sufficed to adjust the international balance. The world financial center which acted as a "Global Clearing House" was London. A few hundred tons of gold were sufficient to meet the needs of that Clearing House. For further reading on the function of London as a clearing centre for world commerce, see "Real Bills" and associated articles by Antal E. Fekete at www.professorfekete.com

Another example: In 1930, the US could sell very little to China, because the Chinese were poor and lacked purchasing power. Because the US sold very little to China, at the same time it could buy very little from China. Although prices of Chinese products were very low, the US could not buy much from China, because China did not buy from the US – China was poor and could not afford American products. Thus, trade between China and the US was balanced by the need to pay the balance of their transactions in gold. Balance was imperative. There was no chance of "structural imbalance".

Under Free Trade with the gold standard, the great majority of transactions did not require movement of gold to complete the exchange. The goods exchanged paid for each other. Only small remainders had to be paid in gold. Consequently, international trade was limited by the volume of mutual purchases between parties; for example, Chinese silk paid for imports of American machinery, and vice-versa.

The gold standard imposed order and harmony. If President Nixon had not "closed the gold window" in 1971, the world would be radically different today. China would have taken a century or more to reach its present level. China could not buy much from the US, because it was poor; therefore, China could not sell much to the US.

All this changed radically with the abolition of the gold standard.

Everything changed because the United States, having removed gold from the world monetary system, could "pay" everything in dollars, and without the gold standard as a limiting institution, it could print dollars ad libitum - without limit. Thus, in the 1970s the United States started to buy huge amounts of high quality products from Japan, while the Japanese boasted: "Japan sells; Japan does not buy." A situation that was impossible under the gold standard became perfectly possible under the fiat dollar standard. The Japanese became gigantic producers, their country an island transformed into a factory. Japan accumulated vast reserves of dollars sent from the US in exchange for Japanese products. This in turn triggered the de-industrialization of the US.

Take for example the US manufacturers of T.V. Some of the famous US factories that built TV receivers by the millions were "Philco", "Admiral", "Zenith", and "Motorola". The Japanese had better and cheaper products, and since the abandonment of the gold standard allowed Japan to sell without buying in turn, and allowed the US to buy without selling in turn, the result was that all the huge factories producing these TV's in the US were closed down. That's how "going off gold" closed down US industry.

Unlimited purchases from Japan flowed to the US and the world, because they were paid in dollars, which could be created in unlimited quantities. The balance the gold standard had imposed disappeared and imbalance took its place.

After 1971, the US embarked on a protracted, large-scale expansion of credit. As the nation was de-industrialized and high-paying jobs in industry disappeared, a lack of disposable income for the population was replaced with easy and cheap credit, to conceal the stagnation in per capita income. Consumer credit drove imports from Asia and furthered de-industrialization even more. The great expansion of American credit was made possible because the gold standard, which restrained the expansion of credit by the banking system, had been abandoned. It is no coincidence that some analysts have observed that in real terms, American workers have had no real increase in their income since 1970.

All mainstream economists consider the elimination of the gold standard perfectly acceptable. They still do not see, or do not want to see, that the "Law of Unforeseen Consequences" is at work: the enormous advantage the US gained by being able to pay unlimited amounts in irredeemable dollars has become the fatal cause of the industrial destruction of the US – and of the West in general. A Mexican saying applies: en el pecado llevas la penitencia – "sin brings with it its own punishment".

The current malaise: financial crisis, industrial crisis, crisis of unemployment

Today the situation is far worse. China, with a population of 1.3 billion, has become a formidable power. No one can compete with China in price. China sells vast quantities of goods to the rest of the world, without the rest of the world having any chance of selling similar quantities to China, and China can do so, because today trade deficits are "paid" not in gold, but in dollars or euros or pounds sterling or yen, which will never be scarce: they are created at will by the USA, the European Central Bank, the Bank of England, or the Bank of Japan.

A fearful monster has been created as a consequence of the elimination of the gold standard, which imposed a limit: "You can only sell to those who sell to you; you can only buy from those who buy from you." This limit no longer applies; everything is disarray, inequality, imbalance; "structural imbalance" prevails because we no longer have the gold standard.

The credit expansion boom has ended, and in its place we have a global financial crisis. Today the problem of "structural imbalance" and the de-industrialization and unemployment it has produced in formerly industrialized countries acquires greater relevance with every passing day. What is to be done with the masses of jobless men and women? No one knows the answer, because the answer is not acceptable to the thinkers of today: the correction of "structural imbalances" and re-industrialization, in other words the creation of new jobs, lies in restoring the gold standard worldwide.

The "globalization" so highly praised by the financial

CryptoHeaven is a user-friendly no-compromise information-heaven crypto system where no third party, including server administrators and others watching, have access to plain text version of transmitted information. Information is stored in an encrypted form on the server as generated by the client, and only the sender and the recipient possess the keys to gain access to the information. Having the entire logs of all transmissions made and all of the data stored on the server, does not give access to the plain text version of information.

Some of the features of the service include sharing file and message folders. Real time chat through use of shared posting folders. Exchanging messages with nested attachments, creation of message boards, and other. All fully encrypted using the latest technology including an AES symmetric cipher Rijndael with 256 bit encryption keys, SHA-256 message digest function, and asymmetric encryption with keys of 2048-4096 bits in length.

The user-name and password with additional salt together create a unique user pass-code. This pass-code is only known to the user and never shared, stored, or send anywhere. When user forgets his user-name or password, all of his data stored on the server will become inaccessible forever for anyone, we have no ability to recover any portion of the data or the lost pass-code.

When a new user account is created, the user generates his personal private/public key pair. The public portion of the key is then sent to the server where it can be picked up by others connecting to the system to send him messages if they are authorized to do so through active contacts. The private portion of the key is encrypted with user's pass-code and stored on the local computer or sent to the server at user's choice. When the encrypted private key resides on the server, user benefits from ability to access his account from anywhere in the world through the Internet.

From this point on, user will use his private key portion directly or indirectly to decrypt all of his data stored on the server or sent to him in a message.

Going a little bit deeper into the technical aspect, every folder has its own symmetric encryption key with which all of its content is encrypted. This encryption key is not stored anywhere in its plain form; it is instead encrypted with public portions of asymmetric keys of the individuals who have access to the folder. In this manner only the selected individuals who created the folder, or were granted access to the folder by its creator are able to decrypt folder's content.

All files, messages and contacts, including their names and descriptions, uploaded and stored on the server are encrypted with their own symmetric keys. Their symmetric keys are in turn encrypted with the folder's key. Only the people who possess private keys, which decrypt asymmetrically encrypted folder keys, can gain access to the records.

When a new message is sent to the recipient, the message's symmetric key is encrypted with recipient's public key. Only the designated recipients, using their private keys, can decrypt the message. Message attachments are treated as part of the message and similarly encrypted. http://www.cryptoheaven.com press in recent years, has become the worst imaginable nightmare. It is no longer possible to support the unemployed with government handouts. The Sovereign State is close to bankruptcy. Thus, nature takes its revenge on those who dared violate its laws by seeking to impose false money on the world.

Richard Nixon's elimination of the gold standard has proven to be the US's best possible strategic gift to China and the rest of Asia. Today, China has a colossal industrial base that might have taken centuries to build, while the US is to a great extent devoid of factories and incapable of reclaiming its former glory. How tragic a fate for the US!

International and National Commerce

The word "commerce" is defined in the Concise Oxford English Dictionary as "Exchange of merchandise or services, esp. on a large scale [French or from Latin COM(mercium from merx mercis merchandise)]

Note that the "exchange of merchandise or services" cannot include as a complement to that exchange a fictitious payment with fiat money, which is neither merchandise nor a service, but rather a paper note or digital entry denoting a debt payable in nothing. In the case of the dollar, the debt is a debt of the Federal Reserve and registered accordingly on its balance sheet. A debt cannot be settled by tendering a debt instrument (which is payable in nothing in any case) and in effect, Balance of Payments debts have not, by any means, been settled in international commerce since 1971.

The non-settlement of international balance of payments debts has produced the accumulation of huge fictitious dollar reserves on the part of exporting countries, since 1971. The same holds for fictitious payments of export deficit debts with euros, pounds, yen or any other present-day currency. See the following graph:

Gold, up until the Bretton Woods Agreements of 1944, figured as the complement to the international exchange of merchandise or services and did settle outstanding balance of payments deficits, because it was a merchandise or commodity used as money.

According to the Bretton Woods Agreements, the fiduciary dollar was accepted as being as good as gold, with trust on the part of Central Banks upon the ability to redeem the dollar into gold. From 1944 up until 1971 then, these fiduciary dollars were held in Central Bank reserves as a credit call upon US gold; the final payment had not been effected and was delayed as a credit granted to the US until the dollars held in reserves were to be cashed in for gold at some future date.

As it turned out, the "fiducia" or "trust" was misplaced, for in 1971 the US reneged on the Bretton Woods Agreements of 1944, "closed the gold window" and stiffed the creditor countries. No final settlement of international commerce debts took place in 1971, nor has any taken place since then; the truth of this statement is obscured by the mistaken idea that tendering a fiat currency in payment of an international debt constitutes settlement of that debt.

Once that false idea – that fiat money can settle a debt - is accepted as valid, then the problem of the enormous "imbalances" in world trade becomes an insoluble enigma. The best and brightest of today's accredited economists attempt in vain to find a solution to a problem that cannot be solved except by the renewed use of gold as the international medium of commerce.

Regarding national commerce, the same reasoning applies. In reality, no one engaging in commerce in any country in the world today is actually paying for purchases, that is to say, there is no any actual settlement of any debt. All individuals, corporations and government entities are merely shuffling debts (payable in nothing) between themselves, in the form of either paper bills or digital banking money, whether in dollars or any other currency in the world.

For internal national commerce the smaller value of the silver coin was convenient for day-to-day transactions at the popular level and did constitute settlement of debt when tendered in payment, for silver is a merchandise or commodity which, like gold, can participate in commercial exchange.

Today, China and the other great Asian exporters have belatedly realized that the dollars they received as "payment" for their mass exports are nothing more than digits in American computers. If the Chinese do not cooperate, the bankers in New York can erase those digits in half an hour, and leave China with no reserves. For this reason, the Chinese and Asians in general are buying gold, and will continue to buy it indefinitely: computers cannot erase gold reserves.

The awful truth about China is that the Chinese acquired their formidable industrial power in the short span of thirty years at a tremendous cost: for thirty years they worked for nothing. China has $2.5 Trillion of reserves; China does not have any use for these reserves, they have no intrinsic value and China does not know how to get rid of them in exchange for something tangible of value; these reserves are nothing more than digits in computers in the Western world. Net, net, net: China worked for thirty years to provide the world with a vast quantity of merchandise, in return for: nothing! Thirty years of slavery, to build an industrial empire!

Mexico: forced to use the protectionist "Band-Aid"

Mexico has its oil, perhaps more than we are told. Let's hope so! Our economy is less complex, less sophisticated, than the US's. According to a Mexican Treasury study carried out in 2007, 85% of Mexicans have no bank accounts – a good sign that they can get by on paper money and are not getting into trouble with credit card debt. The Mexican economy, as we see it, is like a broad, low pyramid. It is more stable than the American "skyscraper" economy, a highly complex economy. Mexico is better equipped to survive the present crisis than the USA.

In today's great world financial crisis of false money, we are likely to see countries around the world resort to protectionism: the leaders will be the same countries that so recently sang the praises of "globalization". In this probable case, Mexico will have to do the same. It is a far from ideal scenario, but it is imperative for lack of the gold standard. Protectionism limits productive efficiency in any country because it limits the market for its protected products to its own national market. A limited market hampers efficiency. The supply of goods available to the population will be more limited and probably of lower quality at higher prices. (Protectionism will have similar effects in the US.)

Mexico will have to restrict imports in the near future. Otherwise, we will suffer serial currency devaluations. Protectionism is not the best policy, but Mexico will probably be forced to resort to it, for lack of the gold standard, which would be the best means of creating jobs in the US, in the rest of the "developed" world and here.

The effective cure

If Mexico aspires to anything more, we shall have to wait for the restoration of the gold standard worldwide. In the meantime, neither demagogy nor Socialism will solve our problems. Only the gold standard can do that.

For our industrial capacity to gain access to international markets – and for Mexicans to gain access to products from international markets – it will be necessary to restore the gold standard. Bilateral trade agreements are not optimum. The optimum is to have the world as a market, where payment for exports is balanced by imports and residual balances are paid in gold. Payment in gold of export deficits and collection in gold of export surpluses is sine qua non. Under the gold standard, Mexico would achieve sustainable prosperity and full employment for our admirable workforce.

Products from China and Asia in general, which today undermine our industrial capacity and create unemployment because we cannot compete with the extremely low wages of the Asian countries, would cease to be a problem under the gold standard; if the Asian countries, which today invade our markets, do not buy similar quantities of Mexican products – which today they do not – they would not be able to export their products to Mexico. The gold standard would fairly balance exports with imports; it would prevent the strategic destruction of our industry and protect us naturally, without the need for protectionist barriers.

The same therapy Mexico needs – the restoration of the gold standard – is what the world requires to regain economic health and sustainable prosperity.

Under a restored gold standard, Americans will not be able to purchase goods from China, unless China purchases American goods with a similar value. If the Chinese find nothing of value to purchase in the US, then Americans will be unable to purchase Chinese goods. It's as simple as that! To continue selling to the West, China will have to open wide its doors to imports!

If Americans find they simply cannot purchase Chinese goods, Americans will manufacture those goods themselves. Industries and new jobs will spring up like mushrooms immediately, to satisfy American demand. International balance will be restored, unemployment will disappear.

Protectionism is not a cure, it is a Band-Aid. Mexico will not achieve the prosperity of which it is capable through protectionism nor by resorting to Socialist measures that crush the creative spirit of the individual. Nor can we succumb to renouncing our nationality and accepting absorption by the US, imitating all the (very costly) measures the current US administration imposes on its citizens. The ideal combination for Mexico includes a moderate dose of nationalism, a government that does not incur deficits, the institution of a monetized one-ounce silver coin, the "Libertad", to stimulate and protect savings, and eventual participation in a new global gold standard, in which our nation can find the opportunity to fulfill its destiny.

"The gold standard is the generator and protector of jobs."

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DGC Magazine April 2010 Issue § 54