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DGC Magazine

e-dinar



June 2008



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What is the Dinar? According to Islamic Law... The Islamic Dinar is a specific weight of 22k gold (.917) equivalent to 4.25 grams. The Islamic Dirham is a specific weight of pure silver equivalent to 3.0 grams.

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THE CASE FOR USD \$1,300/oz GOLD

by John Lee, CFA

<http://www.goldmau.com>

In October 2007, when gold was USD 750/oz and a US Dollar fetched 7.5 Chinese Renminbi Yuan (RMB), I published an article titled "Gold and RMB – Last Shoe to Drop for the dollar", in which I said:

"For a US family that spends \$300 to \$500 a month on Chinese goods, a further 40% appreciation of the RMB will translate into a \$100 to \$200 monthly cost increase. The logic of asking the Chinese to revalue their currency upwards is no different from asking the Saudi's to jack up their oil price further, which is no logic at all for a US consumer. Holding Dollars is like playing musical chairs. When the music stops, the one holding the most Green IOUs, loses."

With a rapidly sinking Dollar vs. western currencies, the Dollar's supreme image is now very wobbly.

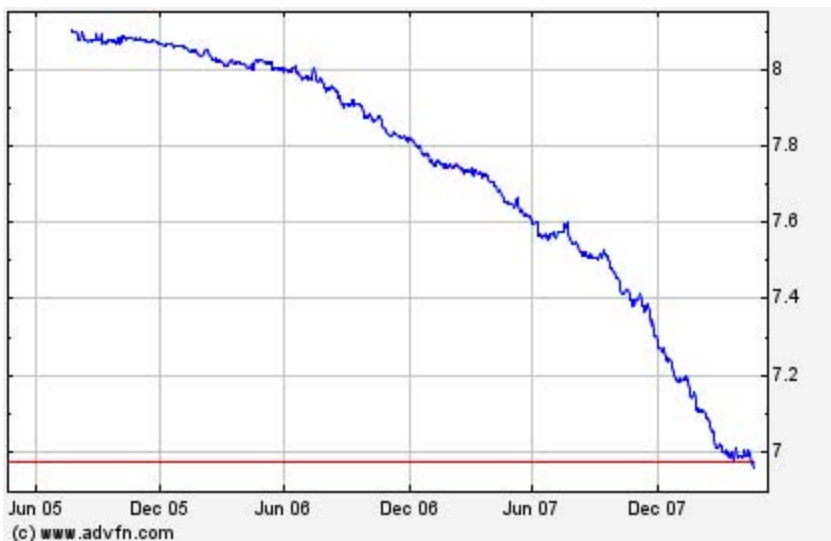
Having built up a war chest of USD 1 trillion, the Chinese need no more Dollars to shore up confidence in its own paper within the international arena

Combining these two factors, the Chinese government will likely loosen the RMB peg to the Dollar at a faster pace, and we expect a minimum of 20% appreciation in RMB over the Dollar (i.e 5-6 RMB to 1 USD) in the next 12 to 18 months. Gold is international money, and will follow the RMB's suit and climb to over \$1,000/oz over the same period. This gold target is a conservative estimate given that other commodities from oil to copper have all quadrupled from their lows this decade. Gold's low was \$250/oz in 2001.

Gold and the RMB's rise will be the final chapter to the Dollar's status as the world's reserve currency, and the end to an era of low priced Walmart goods made in China.-John Lee, October 27 2007

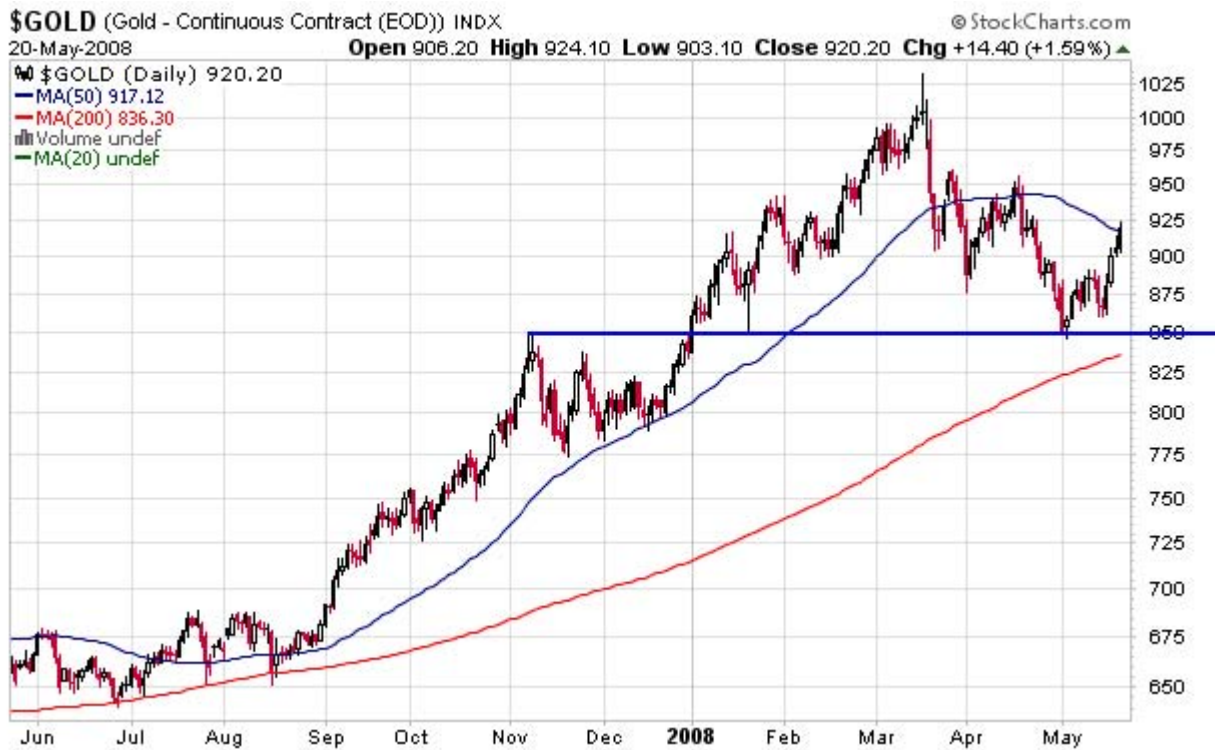
Now, 7 months later:

The RMB has since appreciated at the fastest 6-month pace on record, up over 7% and cracked through the psychological 7 RMB/USD barrier to trade at 6.95 RMB/USD. The talk of demanding the Chinese to revalue their currency has all but disappeared.



3 year RMB exchange rate to USD, no signs of slowing down

Gold met our 12 month target in 4 months and surpassed USD 1,000/oz in March 2008.



2 year gold chart, ready to take another crack at \$1,000/oz

Fast-rising commodity prices and appreciating RMB are putting pushing up prices of everything measured in USD. Unheard of in the past decade, computer prices are going up for the first time in recent memory.

2009 Gold Target: USD 1,300/oz based on 5 RMB to 1 USD exchange rate

Let's do an experiment: If we fix the RMB-denominated gold price constant at today's closing of RMB 6,425/oz, the price of gold will reach USD 1,285/oz should RMB reach our target of 5 RMB to 1 USD by the end of 2009.

There are those who predict a rebound of the dollar index and a protracted USD 800/oz gold price or even lower. They just don't get the message. Gold is an international market. Physical gold demand is mostly from Asia and as long as Asian currencies keep strengthening, the USD-denominated gold price will keep going up, regardless of what happens to the US dollar index.

Our 2009 gold target of USD 1,300/oz does not factor in external elements such as geo-politics or the speculative herd-following frenzy. I have a feeling this once-unthinkable 4-digit target will turn out to be too conservative.

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SET YOUR MIND FREE!

BY PAUL ROSENBERG

Bold words, huh?

So, how would you like to be invited to speak at a conference and to be given that title? Well, that's exactly what happened to me when I was invited to speak at a recent Q Wealth Report conference.

At first, I laughed. Somehow, I keep getting the fanciest of titles for my speaking engagements. I once had a title for a presentation at the (prestigious) Eris Society that took two full lines of fancy words. "Oh, well," I thought, "that just seems to be the way it goes."

Nonetheless, I had to tell people – who paid substantially to attend – how to "set their minds free." That's still a bit intimidating. After all, who knows everything about human minds? Certainly not me. But, I have spent far more time on these subjects than 99.999% of living humans, so I decided (or rationalized, if you like) that I'd just go ahead and give 'em the best I had.

My first point, as you will see below, centered on the fact that most humans are confused a whole lot of the time. This matters to those of us who are cheerleaders for digital gold, simply because we create so much confusion!

I won't have room to cover all of the topics I covered in that conference (which was excellent, by the way), but I think that some main points are in order. We really do cause confusion in a lot of people, and understanding how human minds are affected by our new ideas is helpful in such cases... and in many others.

THE FACT OF CONFUSION

Most people are confused. More specifically, they become confused when they are forced to make choices.

In you watch carefully, you can see anger rise in people's faces when you toss new ideas at them. You are forcing them to create an opinion on the new idea, and that not only makes them vulnerable, but it

makes them face their vulnerabilities. They become angry because you are disturbing their tenuous self-esteem and emotional comfort.

Here are some of the most common responses to the unwanted need to decide:

- **Fearing what people will say if they choose a certain way.**
- **Deciding that it's safer to avoid the question.**
- **Deferring to authority. (Civil authority, religious authority, whatever.)**
- **Deferring to power.**
- **"I'm not qualified."**
- **Choosing what everyone else chooses.**

The common effect of all of these responses is to stifle the process of choosing. Making a choice would make them vulnerable to consequences, and they fear the unpredictable reaction of authority.

THE MECHANICS

Very interestingly, the leading thinkers of both the Greeks and the Jews (Judeo-Christians, really) held that self-conversation was at the core of unique human function. The Greeks coined words like conscience (co-perception) and the Judeo-Christians attributed two separate volitional parts to the human: Spirit and soul.

In effect, what both the Greeks and the Jews maintained was that humans can self-converse; to pose "what if?" questions, to imagine future results of actions, and so on. They maintain, in different words, that the human has a dual-stream consciousness.

All of us have daily experience with self-conversation and imagination. As I interpret the Greeks and the Jews, this is THE mechanism of goodness, honesty and truth. Why? Because it tests and refines ideas. If the idea remains in play, it is compared to other ideas and facts, and ultimately judged.

This process isn't fast and it isn't especially comfortable for a lot of folks, but it does generally work. Except when something derails it.

Confusion comes whenever anything stands in the place of internal analysis... replacing one of these streams. When, instead of looking at the facts within yourself, you take someone else's stream of

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consciousness in the place of one of your own. This ruins the process of analysis and almost always runs directly to a “safe” conclusion.

THE SIN OF ACTING

One interesting junction of things Judeo-Christian and Greek addresses this issue directly:

A lot of us are familiar with Jesus’ teachings where he says “Woe unto you, scribes and Pharisees, hypocrites.” But “hypocrites” is the wrong word. What Jesus really said was “Woe unto you, scribes and Pharisees... Actors!”

The error that Jesus condemns here is to play a role - to move away from self-reference and to tailor one’s actions to an external standard. (Or, to an external intimidation.) To play roles is to substitute something else for the authentic mechanism of self-reference. When people do that, they judge ideas and choices based upon how they will affect the masks they live behind, rather than judging them based upon their true merits. They see where the conversation is heading, then abort because it is less dangerous than making a choice.

DIRTY WORDS

Before I talk about addressing this problem, I want to point out one more issue: Manipulative word games.

There are two classes of objects that our minds play with: Concretes and Abstracts.

Concretes are real things.

Abstracts are symbols: Categories, tags, groupings.

Abstraction is highly useful, but also a wonderful tool for manipulating humans. For example, I heard this on a news show one evening:

We believe in Democratic process, yes? Hamas was democratically elected, yes? Then we have to support Hamas, don’t we?

Hamas, for any of you who don’t know, is an organization that supports terrorism.

This argument does hold together, but it leads to a

bizarre conclusion. Why? Because it is one abstract, built upon another. There is almost nothing concrete in it. If you actually examine it, it falls apart in the first statement: The democratic process is not valuable in itself; it only has value if it makes human life better. If we think that it improves life, we may speak well of democracy, but we should not treat it as an idol, only as a tool that brings about a desired end.

The desired *end* is the concrete. *Democracy* is an abstract.

To hold together, arguments must stay as close to concretes as possible. Once they leave the concretes, all sorts of games can be played, and all sorts of bad conclusions reached. It’s very easy to make errors with symbols.

HELPING PEOPLE THROUGH THE CONFUSION

Generally, I find it most useful to face the issue of fear. Most people feel the impulse of fear, and are then too confused to understand their troubled thoughts.

I like to acknowledge the fear, face it, describe it, and only then explain why we should not allow it to control us. Once people get a good look at the nasty little man behind the curtain, they may step away from him – if not immediately, then maybe after a few days or weeks.

Be gentle, state your case, and acknowledge that a lot of people don’t understand the idea and don’t like it.

You may also want to let people know that digital gold is not a perfect idea, only a better idea. It has many fewer flaws than the existing fiat system, but it can still be used by bad people. Most of them sanctify whatever is already accepted; so, explain the failings of the existing system, but do it with benevolence, not with the joy of destruction.

Good luck!

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Paul is the author of *A Lodging of Wayfaring Men* and other books. You can find his work at www.veraverba.com

e-dinar

What is e-dinar?

e-dinar is an exchange system enabling the electronic transfer of gold and silver between accounts. e-dinar and e-dirham are 100% backed by physical gold and silver.

A quantity of e-dinar / e-dirham constitutes title to a precise weight of this physical gold/silver. e-dinar FZ-LLC is a Dubai Corporation which operates the e-dinar system.

The primary function of the e-dinar system is to render payments, in gold (e-dinar) and

silver (e-dirham), from one customer account to another. A secure, convenient interface is provided for customer entry of transaction orders. All cleared transactions entail an increment or decrement of one's e-dinar / e-dirham balance.

The system calculates exactly how much metal belongs to each particular customer.

All gold and silver is held free of lien or encumbrance. e-dinar does not engage in future contracts or any form of leveraged derivatives.

No physical gold/silver is listed unless e-dinar



Dr. Zeno Dahinden, CEO of e-dinar, (far right) at dinner with Dr. Tun Mohamed Mahathir in Istanbul, spring 2007.

has rendered payment for it.

(Q) When was the original e-dinar company founded?

We founded the original e-dinar company in August 2000 in Labuan, Malaysia.

(Q) Why did you found the original e-dinar company in Malaysia?

The incorporation was purposely timed to precede a large e-dinar conference at the Islamic Arts Museum Malaysia (IAMM) in Kuala Lumpur, November 2000. At that event, both Dr. Tun Mohamed Mahathir (at that time PM of MA) and his successor Datuk Seri Abdullah Ahmad Badawi (the current PM of MA) received complementary sets of gold dinars and opened their e-dinar accounts publicly on stage. They were among the very first and most illustrious e-dinar account holders.

As you probably know, we ‘converted’ Dr. Mahathir in the late nineties to become an outspoken champion of the gold dinar which he remains to this day. Being the visionary he is, he transcended the use of gold from reserve currency and coins to international trade - well understanding that the importance of nation states will continue to decline in favor of global trade.

While he publicly advised the Saudis to accept only gold in exchange for oil, he championed the idea of using gold for the settlement of international trade between OIC countries (Organization of Islamic Countries). International trade would thus be accounted for in gold and would be regularly netted against national gold reserves. As a result of each settlement, gold would move physically between countries.

James Turk from GoldMoney shares a similar view when he says that ‘gold’s principal use in the coming years will be in cross-border commerce, and principally by companies rather than individuals’. We could not agree more.

(Q) When and why did you mint the first gold dinars?

We actually started to mint the first gold dinars and silver dirhams in 1992, at that time still hammered by hand....

(A silver dirham from the first batch in 1992)



People often asked us why we would ‘go back to the Middle Ages’ by issuing a gold and silver currency, in their view a barbaric relic? Our answer in short:

1. *to offer people real value rather than a promise-to-pay*
2. *to help prepare the grounds for renewed monetary discipline in the face of impending financial collapse, e.g. through the ‘subprime’ fall-out*

Let me explain: the termination of the Bretton-Woods-Agreement by President Nixon in 1971 represented the end of gold’s traditional role as reserve currency. The obvious reason for this step was to liberate money creation from the constraining ‘shackles’ of gold thus allowing central banks to create an unlimited amount of new money out of nothing (paper money is actually created from debt – since debt is an obligation and not a value, new money draws its value from existing money and thereby devalues the currency and creates inflation).

The obvious results were exorbitant interest

rates in the US (well above 15% by 1980) and an unprecedented Bull Run in gold (from 44 USD in 1971 to 850 USD per oz by 1980).

The sudden availability of 'unlimited' liquidity also gave rise to what we call today globalization which feeds off unlimited capital. Globalization started with an unprecedented wave of corporate takeovers in the early eighties (the junk bond era) and is increasingly threatening the ethical and moral basis of the human contract through an extreme form of transnational capitalism which is beyond the control of national laws and regulations - what Loretta Napoleoni refers to in her inspiring book 'Rogue Economics' as the transmutation of nation states into market states (Seven Stories Press, NY, 2008).

To summarize:

- *Our aim is to put real value back into the hands of the people and rather than letting it accumulate in the hands of a very few.*
- *Our ambition is to help set-up an alternative to today's out-of-control monetary systems.*

(Q) Besides yourself, were there any other original founders of e-dinar?

Apart from myself, the original team included Dato Abdul Rahman Shariff, a Malay business man who helped establish the relationship with the Malay government and Fernando Vadillo who laid the conceptual basis for the gold dinar.

(Q) What type of partnership did the company form with e-gold around 2000?

We made first contact with Douglas Jackson (CEO of e-gold) in late 1998 and were fascinated with the prospect of complementing our physical bi-metallic currency with a digital gold currency (DGC). I then visited Doug Jackson in Florida in 1999 where we hammered out a unique agreement whereby e-dinar became a self-contained front-end sitting on top of the e-gold database. As part of this agreement, the head of our software team was invited to work with the e-gold team in Florida.

To my knowledge, nobody else was ever granted such an 'intimate' relationship with e-gold.

(Q) There seems to be some hint of an 'unknown international corporation' from the Middle East purchasing a large position in the e-dinar company near the end of 2003. Can you give us any more details on this purchase, such as what company and what is their participation in the operation?

The partner company is an international real estate developer with offices in Dubai and other Middle Eastern countries. The main contribution of the partner company is to open Saudi Arabia for e-dinar where they own prime properties in Mecca and Medina – key places to promote the gold dinar to millions of pilgrims passing through every year.

As a result of this partnership, we founded a new e-dinar company in Dubai Internet City (DIC) with an onshore Trade license which I manage as CEO and in which I continue to hold a controlling interest.

(Q) When did the company formally separate from e-gold and what were the reasons for the separation?

We amiably separated from e-gold at the end of 2004. The main reason for the separation was our growing realization that, while having learned a lot from e-gold, our continued dependence on e-gold's backend database and processes (e.g. bullion purchase and storage) was preventing us from reaching our full potential. And the longer we waited, the more customers we would lose during the separation.

To enable the separation, we developed our own backend software and established our own bullion procurement and storage processes. Today, we operate as follows:

Bullion purchase and dinar/dirham mint:

Emirates Gold in Dubai

Bullion storage:

Emirates Gold in Dubai and Embraport in Switzerland

Transport: VIA MAT Securitas in Switzerland

Custom orders (custom bars, medallions):

Emirates Gold (e.g. State Opera; Berlin Philharmonics)



comparison to credit cards or PayPal?

Transaction fees are 1% of the transferred amount, but not more than 0.015 e-dinar (~ 1.90 USD) for transactions in gold or 0.5 e-dirham (~ 0.88 USD) for transactions in silver. This represents only a fraction of the fees charged by credit cards or PayPal.

(Q) Every e-dinar account holds two balances, an e-dinar balance (gold) and an e-dirham balance (silver). I'm going to assume that the e-dinar(gold) is the most popular with customers, do many users transact in silver e-dirham?

Your assumption was certainly true until we added silver on request by one of our largest customers some two years ago. Since then, silver has really taken off and we buy in a typical month up to one ton of silver and growing. In our opinion, silver is still substantially under

priced as compared to gold. On the downside, the silver market is much smaller than the gold market and thus lends itself more easily to manipulation by a small number of large traders.

In recent months, we observe a growing number of clients who add a silver balance to their account and use it for payments.

(Q) Does the value of an e-dinar or e-dirham account move up or down with the prices of gold and silver?

Yes, it moves proportionally to the price of gold and silver. When funding an account with e-dinar or e-dirham, the customer buys physical gold or silver. Thus the account balance is recorded in gold and silver (by weight). All other currencies which are displayed in the account balance fluctuate with changes in the gold and silver prices.

(Q) I like to keep the bulk of my personal funds in digital gold accounts, but occasionally I need a fast wire out to pay for something, if I

The owner and CEO of Emirates Gold, Mohamed Shakarchi, is a close personal friend, whom I have known for well over 10 years. Since I am Swiss, it probably helps that Mr. Shakarchi lived 25 years in Switzerland, at that time the owner and CEO of Shakarchi Trading.

Even though I could never identify with certain aspects of e-gold's business model (e.g. their support of HYIP schemes and online gambling sites which we do not allow in e-dinar), I admire Doug Jackson as a true pioneer of DGC. With the exception of James Turk from GoldMoney, almost all DGC players have modeled their operations based on Doug's ideas and concepts.

(Q) Are any of the customer online transactions reversible?

Online transactions (spends) are not reversible. Once the transaction is complete, the sender cannot undo it.

(Q) What are your transaction fees in

have a gold balance in my e-dinar account and need to send a wire to a friend in the UK, can I sell my gold and direct the wire payment to him?

You can certainly do that. But please let me qualify my statement. One of the ways that we are different from other DGC systems is that e-dinar is for the time being used primarily as a store-of-value rather than a payment system (this is to some extent intentional). As a result, most out-exchanges go back to the bank account the funds originally came from. If third-party out-exchanges occur (> 1000 USD), we first request an explanation for the reason of payment before releasing it.

This is done to prevent money laundering at its root:

- We do not allow third party in-exchanges into e-dinar accounts. In other words, in-exchanges are only accepted from the e-dinar account holder. We have in the past returned third-party in-exchanges for that reason.
- We carefully track and monitor the comparatively small number of third-party out-exchanges

(Q) Does e-dinar have established mints in the United Arab Emirates or Indonesia?

We do most of our minting with Emirates Gold in Dubai. We have some local minting operations in Indonesia and are looking for ways to mint silver dirhams in Malaysia to avoid import and custom duties on silver.

(Q) Can you say that the e-dinar system is free from any financial or counter party risk like those associated with the banking industry?

Yes, absolutely. Since we always have more bullion in stock than we have in circulation, there are no financial counter party risks.



(Q) Regarding compliance, I know that e-dinar is not a bank however your customer identification and AML rules are very strict (verified customer name & address and source of funds required)

You are right, we are quite strict both in our Customer Acceptance Policy as well

as our transaction control with regard to third-party transactions. This is to discourage unwanted elements before they enter the system which we have successfully done. We incidentally modeled our Customer Acceptance Policy based on GoldMoney's policy which is among the strictest in the industry.

Even though our Customer Acceptance Policy slows down the growth in new accounts, our key customers appreciate the strict controls we have in place and thus feel more secure given our tight control of operational risk. Operational risk is incidentally at the core of the new Basel II regulations from the BIS (Bank of International Settlement).

(Q) Why Dubai and what are the advantages of being located in Dubai?

Dubai is where the action is. Today, Dubai is the key business and trade hub for the Middle East, the Subcontinent and South-East Asia.

The main advantages of being in Dubai are:

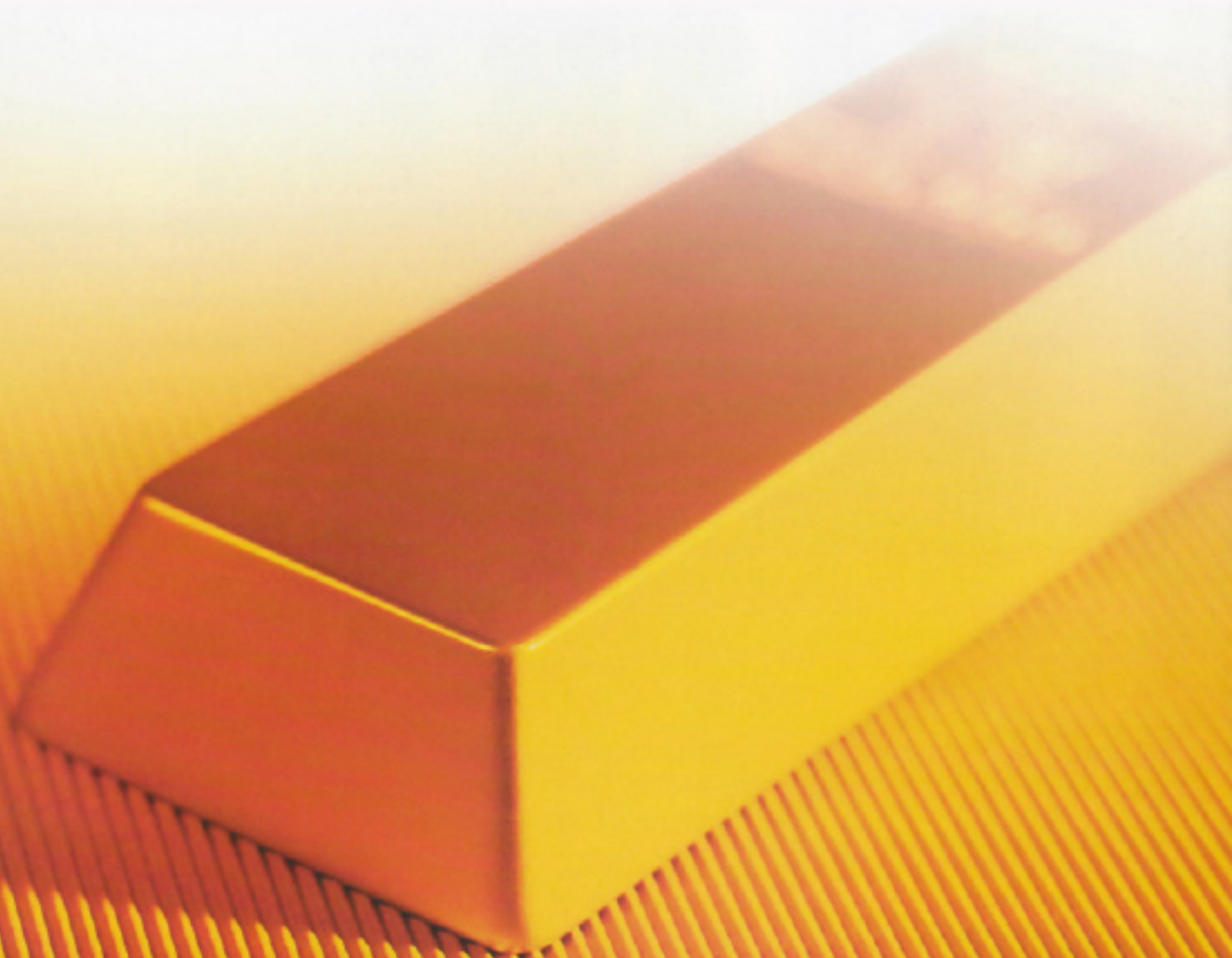
- ***Centre of bullion trade for the Middle East and Asia (Dubai is also called the 'City of Gold')***
- ***Excellent security and governance of bullion trade (the expropriation that occurred in the US during the depression would be unthinkable in Dubai)***
- ***Very business friendly allowing 100% foreign ownership***
- ***Ideally situated for our target groups both through its trade hub function as well as its***



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time zone (e.g. 80% of the East-West trade passes through Dubai)

- ***No VAT or income taxes***

(Q) Regarding financial compliance, what jurisdiction's regulation does e-dinar follow?

e-dinar follows UAE Financial Regulations. Even though e-dinar is not a bank, we require full compliance with key UAE (United Arab Emirates) financial regulations to:

- ***prevent any kind of criminal behavior or wrong doing***
- ***best protect the long-term interests of our customers***
- ***avoid potential business disruption as a result of regulatory compliance issues***

(Q) As a new account holder, am I required to send you certified copies of my proper legal identification before wiring funds to my e-dinar account?

Yes, absolutely. As a matter of fact, we do not publish our bank details on the e-dinar website.



You therefore have no choice except to go through our Customer Acceptance Process as follows:

All e-dinar customers must - in addition to their contact information entered online - send us a certified photocopy of their passport or ID card before we release our bank contact details to them.

Small account holders who plan to buy less than 1000 USD in total gold and silver can scan and email their certified copies of passport or ID card. Large account holders who plan to buy more than

1000 USD in total gold and silver need to send their certified copies by postal mail.

(Q) May I ask approximately how many account holders are currently in the e-dinar system?

Out of approximately 9000 customer accounts in total, we have roughly 6000 active accounts, i.e. accounts with a gold or silver balance.

(Q) Can you offer us any stats on how much gold or silver is currently on deposit backing the electronic units?

At present, we do not publish figures on total bullion in storage. What I can tell you is that roughly 45% of all in-exchanges remain in long-term bullion storage under the custody of e-dinar while 55% are, within one year of deposit, out-exchanged or for the most part redeemed in gold dinars and silver dirhams, bullion bars and sometimes custom medallions

(Q) If my online account contains 10 e-dinar and 10 e-dirham, can I redeem the electronic version into actual gold dinar and silver dirham and have your shop send them to me?

While one electronic e-dinar corresponds to one physical gold dinar, one physical silver dirham costs approximately 30% more than an electronic e-dirham (due to proportionally higher minting costs). We will naturally send your dinars and dirhams to your postal address (additional shipping and handling fees apply).

Smaller orders can occur through our web store and be sent by postal mail while larger orders should go through e-dinar and will be delivered by VIA MAT Securitas. If you do not have gold in your e-dinar account, you can pay your web store balance via bank transfer.

(Q) Can you tell us, are the majority of e-dinar online accounts used by individuals, merchants and/or companies for online commerce?

Most of our accounts are held by individuals. Over the last two years, we have begun to build up a

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small but growing number of large merchant accounts, some of them in international trade and the bullion and coin business.

In addition, we have been awarded a contract with the Malay Opposition Party to supply them with gold dinars and silver dirhams as well as DGC services. Since their recent victory in four states, they plan to expand their Ar-Rahn gold dinar outlets from currently 11 to 100.

(ref. <http://www.e-dinar.com/html/img/kelantan.jpg>)

Excerpt from Wikipedia: On the 20th of September, Kelantan became the first state to launch gold dinar coins. It features the Kelantanese state crest, the date of production, as well as the weight and purity of the gold used on its face. The DEK is similar to the original dinar in weight and purity of gold used. The coins can be bought and sold at the Kelantan Corporation Bhd (Perbadanan Kelantan Bhd) and all eight Ar-Rahn Islamic pawnshops in the state.

(Q) How is the value in a user's account displayed? What denomination?

As mentioned before, our accounts are measured in weights of gold and silver. The gold balance is displayed in e-dinar (1 e-dinar = 4.25 grams of 24 carat gold), in ounces and in grams of 24 carat gold. For silver, the balance is displayed in e-dirham (1 e-dirham = 3 grams of 999 silver), in ounces and in grams of 999 silver. Both gold and silver balances are also displayed in USD, EUR, AED, CHF and JPY.

(Q) I'm sure you are aware of the legal issues involving e-gold right now, do you have an opinion or any comment on that situation?

Even though e-gold might have been somewhat lax with Customer Acceptance and the type of businesses they support, I can certainly vouch for Doug Jackson's personal integrity (he never failed me and I could always depend on his word)

and I applaud his visionary and pioneering role in the promotion of DGC. I wish him all the best and hope that he will be vindicated once the dust has settled.

(Q) Is it possible to open an e-dinar account, transact business both receipts and spends in e-dinar without any verification of the customer's identity?

All customers of e-dinar must comply with our Customer Acceptance Policy (CAP). This means that every customer must first deliver proof of his or her identity before any transaction can take place.

(Q) Is e-dinar set up to communicate with customers using PGP?

PGP is available as an option. Every customer can provide a PGP key as part of user registration. If the PGP key is present in the customer profile, all communication between the e-dinar system and the customer's email address will be encrypted. This is particularly recommended if the customer is using auto-notification (an account function whereby the system is sending email notifications upon receipt of funds).

(Q) Is there any minimum transaction size on an e-dinar account?

There is no minimum transaction size. e-dinar can be used for micro payments as well as large transactions.

(Q) e-dinar provides a secure merchant interface (for integration into shopping cart software). Is this feature popular with users?

e-dinar offers two interfaces for automation. The merchant interface can be used for integration of e-dinar payments into shopping cart software and the API allows automated access to the account (retrieve account balance, account history, issue automated spends). Both interfaces have several configuration options including callback function and are used by a growing number of customers. Naturally, the merchant interface is the more popular.

(Q) Who is your preferred customer?

Our preferred customers are:

- *individuals who want to keep some of their long-term savings in bullion as protection against inflation*
- *bullion and coin dealers that we supply with bullion, dinars & dirhams and custom products*
- *international trade companies*
- *governments such as the Malay Opposition Party that we supply with DGC services and gold dinars & silver dirhams*

(Q) Do you have a target demographic audience which you would like to attract?

Our demographic target groups are the Middle East and South East Asia, increasingly also China. We hope to attract more companies in international trade as well as government agencies that want to promote the gold dinar.

(Q) Are e-dinar accounts promoted as online savings accounts which offer an alternative to Islamic banking?

Yes, our gold and silver accounts are 100% halal and, in our view, the only acceptable alternative to banking from an Islamic point of view, be it 'Western' or 'Islamic banking'. I see in 'Islamic banking' not much more than an insignificant variation of 'Western' banking and certainly not an acceptable alternative to it. The only difference is in the semantics and the models used to calculate the bank's profit (please note that the biggest Islamic banks are major commercial banks such as HSBC and Citibank). Short of changing the underlying money from paper to gold and silver, 'Islamic banking' cannot possibly be halal.

The only acceptable form of money from an Islamic perspective is gold and silver – there is no doubt about that.

(Q) Does e-dinar do any offline advertising such as newspapers, magazines, signage or television?

With the exception of some newly emerging global magazines, we do not pursue an active advertisement strategy but rather depend on passive marketing through newspapers and TV, particularly in Malaysia and Indonesia.

(Q) Can I fund my e-dinar or withdraw funds through a third party exchange agent?

There are some third party exchangers for e-dinar. Funding accounts directly through e-dinar is naturally more cost effective and probably also safer.

(Q) How does an e-dinar account accrue fees? Is there an annual storage fee or is it based on the amount in the account?

A storage fee of 1% per annum applies to every account. This fee is covering storage and insurance costs. The storage fee is calculated based on the average account balance and is deducted monthly from the account.

(Q) I think the dinar & dirham shop online is

an excellent idea. The operation seems very convenient for users. Do you sell and ship a lot of the gold dinars or silver dirham? How popular are those sales with account holders? Yes to both questions. We do ship a lot of gold dinars and particularly silver dirhams and those sales are very popular with our account holders.

In spite of (or maybe because of?) all the resistance that we have met along the way, the gold dinar and silver dirham are today among the most talked and written about modern 'coins'. Search in Google under Gold Dinar and Islamic Gold Dinar to verify this for yourself.

I would like to close this interview with another quote from **Loretta Napoleoni** (**Rogue Economics; Seven Stories Press, NY, 2008; p. 341**).

After painting an almost apocalyptic picture of the world during the first 340 pages of her book, she goes on to formulate on the last two pages the only realistic alternative she sees to today's rogue economics as follows:
(freely translated from German)

'The post-globalization era will require a clear separation between the state and the individual:

- **The state will have a monopoly on foreign and financial politics based on the Shari'a financial model with a new currency standard coupled to gold**
- **The gold dinar will become the overall measure of stability for all other currencies and will find worldwide recognition**
- **Shari'a economics (which forbids the use of money to make money) will regulate all business transactions and will challenge and eliminate the self-serving aspects of rogue economics (such as 500 trillion USD worth of derivatives)**

I would like to thank Dr. Zeno Dahinden for taking the time to answer my questions.

Interview by Mark Herpel



WebMoney
Smart Solution For Internet Payments

- WM Keeper Mobile** - WM-Purse in Your Mobile
- Debt** - Credits and Loans
- Arbitration** - Disputes Solving
- Merchant** - API Integration
- Telepay** - Telecom Payments
- Domains** - Domain Names For Sale
- Megastock.com** - WebMoney "Yellow Pages"
- Masspayment** - Bulk Payments
- Mestkom.ru** - Promo Campaigns Online
- Geo** - WebMoney Locations
- Trust** - Consolidate With Your Partners
- Capitaller.ru** - Budget Planning
- Passport** - KYC and Verification
- Plati.ru, Digiseller.ru** - Digital Goods
- Banking** - Bank Wires
- Enum.ru** - Secure Authorization
- Paymer.com** - Digital Checks
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CROWNE MINT'S NEW ATM CARD

Article by Mark Herpel

Accessing funds from your online gold bullion account just got a lot easier. Introducing the "Crowne Mint ATM Card".

The Crowne Mint is now offering an ATM card and it's available to all Crowne Gold customers. Clients can now access their Crowne Gold funds from almost any country on earth just by visiting their local ATM machine.

The addition of this new card which works on the STAR and PLUS networks, has been in the planning stage now for over a year.

"This is a very convenient ATM card we can now offer to all of Crowne's bullion customers." said Sean Trainor.

Each year for the past 5 years, debit card access to a digital gold account has been the number one requested feature from DGC customers. The Crowne Mint has now stepped to the plate and met that need. Similar to online banking, the Internet bullion account along with the ATM card is a very successful partnership.

The maximum load for this card is \$2500 per day. The withdrawal limit is a maximum of \$500 per day and \$9700 per month. Because of the global nature of Crowne's business, this card is available to all Crowne Gold account holders and is not restricted to only US residents. The cost of this new card



is just \$95.

Crowne Gold has been selling gold and silver bullion online since 2002. The popularity of their digital gold accounts has grown rapidly in the past two years alongside gold's rising price and the lack of confidence in the failing US Dollar.

A Crowne Gold account allows any client to store Gold and Silver in a liquid online account. These bullion accounts can act as a hedge against the dropping US dollar and inflation, while the debit card allows 24/7 access to customer funds from anywhere in the world.

When loading funds onto the card, the new balance should be available to the user within 24hours, but often much sooner.

The 'Crowne Mint Card' offers convenient ATM cash to users through millions of access points around the globe. Cards can be shipped from the US or Panama using a fast preferred method of delivery that will guaranteed the secure receipt of the card.

The fees for using this card are very reasonable, please visit the Crowne Gold web site for more information.

<http://www.crowne-gold.com>

JUDGE'S OPINION Is BAD NEWS FOR E-GOLD

Criminal defense attorney, Linda Friedman Ramirez, posted this to her blog mid month.

Tuesday, May 13, 2008

International Crimes: E-Currency Subject To Licensing Requirement

A trial court in the District of Columbia, 2008 U.S. Dist. LEXIS 37602, UNITED STATES OF AMERICA v. E-GOLD, LTD, et al., for violation of 18 USC 1960 which makes it a crime to operate an unlicensed money transmitting business.

According to the trial court, a business can clearly engage in money transmitting without limiting its transactions to cash or currency and would commit a crime if it did so without being licensed.

“The Court rejected the claim that 18 USC 1960 does not apply to their operations because they never deal in cash or currency.”

Last year, the DOJ announced Indictment of E-Gold as follows: “A federal grand jury in Washington, D.C. has indicted two companies operating a digital currency business and their owners on charges of money laundering, conspiracy, and operating an unlicensed money transmitting business, Assistant Attorney General Alice S. Fisher of the Criminal Division and U.S. Attorney for the District of Columbia Jeffrey A. Taylor announced today.

The four-count indictment, handed down on April 24, 2007, and unsealed today, charges E-Gold Ltd; Gold & Silver Reserve, Inc.; and their owners Dr. Douglas L. Jackson, of Satellite Beach, Fla.;

Reid A. Jackson, of Melbourne, Fla.; and Barry K. Downey, of Woodbine, Md., each with one count of conspiracy to launder monetary instruments, one count of conspiracy to operate an unlicensed money transmitting business, one count of operating an unlicensed money transmitting business under federal law and one count of money transmission without a license under D.C. law.”

<http://obtainingforeignevidence.blogspot.com/2008/05/international-crimes-e-currency-subject.html>

May 8, 2008, Decided

May 8, 2008, Filed

UNITED STATES OF AMERICA v. E-GOLD, LTD, et al., Defendants.

Criminal Action No. 07-109 (RMC)

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

2008 U.S. Dist. LEXIS 37602

COUNSEL: [*1] For E-GOLD, LTD., Defendant (1): Aron U. Raskas, LEAD ATTORNEY, KRAMON & GRAHAM, P.A., Baltimore, MD; Bernard S. Grimm, LEAD ATTORNEY, COZEN O'CONNOR, Washington, DC; Donald J. Russell, Lawrence Saul Robbins, LEAD ATTORNEYS, ROBBINS RUSSELL ENGLERT ORSECK & UNTEREINER, LLP, Washington, DC; Barry J. Pollack, KELLEY DRYE COLLIER SHANNON, Washington, DC.

For USA, Plaintiff: Kimberly Kiefer Peretti, LEAD ATTORNEY, U.S. DEPARTMENT OF JUSTICE, Washington, DC; Laurel Loomis Rimon, LEAD ATTORNEY, United States Attorney's Office, Asset Forfeiture and Money Laundering Section, Washington, DC; Jonathan William Haray, U.S. ATTORNEY'S OFFICE, Washington, DC.

JUDGES: ROSEMARY M. COLLYER, United States District Judge.

OPINION BY: ROSEMARY M. COLLYER
OPINION

MEMORANDUM OPINION

Title 18 of the United States Code (“U.S.C.”) sets out federal law covering Crimes and Criminal Procedure. Title 31 of the U.S.C. sets out federal law covering Money and Finance, including the Internal Revenue Code. 18 U.S.C. § 1960 makes it a crime to operate an unlicensed money transmitting business. Section 1960 defines what it means to be unlicensed and , what it means to engage in money transmitting. By those definitions, a business can clearly engage in money transmitting without limiting its transactions to cash or currency and would commit a crime if it did so without being licensed. The only definition in the United States Code for a “money transmitting business” per se is at 31 U.S.C. § 5330. Section 5330 defines a money transmitting business as one that, inter alia, is required to report certain cash or currency transactions to the Internal Revenue Service (“IRS”).

IN MEMORIAM J. ORLIN GRABBE

It is reported that last month J. Orlin Grabbe passed away from a heart attack. He was in Costa Rica at the time. Mr. Grabbe was an author and well known in the DGC biz for his alleged operation of the Digital Monetary Trust (DMT). Ownership of the DMT was never really established.

He was called “...a driving force behind Laissez Faire City” by people who knew him. In the mid nineties he also wrote, International Financial Markets which is available on Amazon.

It was also during the 1990’s that he also wrote for an online conspiracy magazine (<http://www.theconspiracy.us/>) which is still very popular today. Mr. Grabbe was a Harvard graduate and assistant professor of Finance at Wharton. He is reported to be well known for his work on derivatives.

The Digital Monetary Trust was an system of anonymous value transfer. Individuals could easily move sums of money to another user with total anonymity for both parties. Digital funds

moved from an account holder to the trusted third party, the DMT, and anonymously on to the receiver. It was allegedly owned and maintained by Mr. Orlin Grabbe and hosted on Dubai Internet City servers.

He was a well liked person by those who knew him and admired by many others. For some additional information you can visit:

<http://web.textfiles.com/politics>



POKERROOM OPENS IN RUSSIAN

[DamnedPoker](#) has just enlightened me that [PokerRoom.com](#). the very popular online place to play, has launched a Russian language translation. Just a note, [PokerRoom.com](#) accepts Webmoney, in fact it’s one of their preferred methods to pay. DamnedPoker was kind enough to remind us of the great benefits of using Webmoney.

What Does WebMoney Offer?

- a) Supported currencies: USD, RUR, EUR*
- b) Processing countries: WebMoney does not block any countries for deposits or cashouts.*
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You gotta love that Webmoney! ~Clarence W.

DGC SPOTLIGHT: ALEX STANCZYK OF ANGLO FAR EAST BULLION COMPANY

Alex Stanczyk is and Affiliate Broker for Anglo Far East Bullion Company, and is the editor of the financial blog and newsletter "Your Financial Future".

(<http://www.rapiddtrends.com/blog>)

(<http://www.anglofareast.com/landing/index.html>)

Mr. Stanczyk has launched numerous businesses, acted as the CEO of a Publicly Traded US Company, and brings over 21 years of business experience to YFF. He has authored dozens of articles, mentored hundreds in personal finance and wealth building, and spends at least 4 hours each day studying the global markets, drawing insight and conclusions from the flows of global commerce. As an Affiliate of Anglo Far East Bullion Company, Mr. Stanczyk specializes in teaching foundational principles of money, the gold market, and why gold has been a storehouse for wealth for thousands of years.

Alex Stanczyk is a Husband, a Father, and was born, raised, and educated in the United States of America.

Alex considers himself a patriot, and as he describes it, "has put it on the line" serving in the US Military for 7+ years. He is a decorated combat veteran and has served in combat zones for over 2 years.

"I have always felt that the USA was the best place on earth, and I still do, yet today I am saddened by the direction we are heading. It has occurred to me that one of the greatest dangers we face as a nation is that very few of our own people understand how our economy and monetary system works".

According to Alex, after reaching what he calls the pinnacle of his "corporate career" as a company man, he came to the realization that the standard of living for those in his generation, as well as for those younger than he, was rapidly dropping. Alarmed at what he was learning about what our baby boomers were facing in terms of real retirement, the terrible

situation some may find themselves in if we are unprepared financially for the changes that our nation is facing, he founded Your Financial Future and now spends his time educating people from around the world on monetary basics, and how gold and silver fits into the equation.

"I know the average American is not stupid, and information is the key to making good decisions. The saying "The Truth Will Set You Free" is very real. I am dedicated to providing information and tools to understand the drastic changes we are seeing in our economy, how to survive them, and some of the answers I have found to protecting what we have worked so hard to build". "I by no means know everything, but I have spent literally thousands of hours studying the global economy, monetary and fiscal policy, and maybe something I can share will be able to help you. I wish you and yours wealth, prosperity, and all the best".

-Alex Stanczyk





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TOTAL PRIVACY

Our legal structure resides outside the jurisdiction of most western countries, allowing a greater degree of privacy and additional layers of security.

ALEX STANCZYK

astanczyk@anglofareast.com

USA 206-905-9961

The Anglo Far East Bullion Company

<http://www.anglofareast.com>

INDIA BEGINS TRADING AN 8 GRAM GOLD COIN FUTURES CONTRACT

The Multi Commodity Exchange of India (MCX), the country's largest commodity bourse, has just launched gold coin futures contracts. Each gold coin weighs just 8 grams!

The Gold Guinea contract will be initially available for delivery in July and August 2008. The contract will be the first of its kind in the country available for retail investors. Maximum order size would be 10 kg with tick size (minimum price movement) of Re 1 per eight grams. The coins will be benchmarked to prices in the Ahmedabad market (inclusive of import duty and excluding sales tax, value-added tax (VAT), octroi and other surcharges).

The contracts have seven delivery centers including Ahmedabad New Delhi, Mumbai, Hyderabad, Bangalore, Chennai and Kolkata. India's gold coins market is growing at a rapid pace, with more Indians choosing to invest in gold bullion form rather than jewelry. The quality specifications are 995 purity and it should be serially-numbered gold guinea supplied by LBMA-approved suppliers or other suppliers as may be approved by MCX, to be submitted along with suppliers quality certificate.

In 2007, India's gold demand for investment grew by 10 percent to 215.4 tonnes compared with 195.7 tonnes in 2006, while jewelry demand grew by 6 percent to 558.2 tonnes compared with 526.2 tonnes in 2006, data from World Gold Council shows. According to industry estimates, all of India's 700 tonnes of annual gold requirements are imported making the local price of the metal vulnerable to the exchange rate. India, the world's biggest user of gold.

Article by Alan Smithee

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RUSSIAN MONASTERIES ACCEPTING WEBMONEY

The Russian State News Agency, Novosti is reporting that some Russian Orthodox monasteries have begun using modern technology to accept prayer request for the living and the dead. Both text messages and email can be used to request this service and payment is being made through the very popular online service Webmoney Transfer.

One of Russia's northern Monasteries, the Valaam Monastery, is charging around \$6 USD (150 rubles) for what is known as a 'sorokoust'. This is a prayer for the living or the dead delivered by a priest in church each morning for 40 consecutive days. Another monastery in the Vladimir Region also accepts donations via text messages.

Source: Russian News and Information Agency

<http://en.rian.ru/russia/20080505/106601877.html>



Image: Russian Icon Art - <http://www.russian-icon.com/>

NANAIMO GOLD
Digital Currency Exchange
<http://www.nanaimogold.com>



Nanaimo B.C.

DUBAI GOLD SALES UP BY 30%

Despite record high metal prices, in mid April, Dubai is showing 30% increase in gold sales from 2006 to 2007. The additional demand is in part credited to gold and jewellery retailers in the emirate taking additional measures to boost industry sales.

Delivering a keynote speech at this years 6th Dubai City of Gold Conference, Sultan bin Saeed Al Mansouri , UAE Minister of Economy, said "Dubai is a major hub for the global gold and diamond trade and is part of a region that has a strong affinity with the industry. The domestic consumption of gold remains high and the region caters to a constantly demanding and vast international market....Dubai is a well established centre for gold bullion and both wholesale and retail jewellery catering to the Arab and Indian markets the world's top gold markets where population growth is driving demand for every type of jewellery," Al Mansouri added that the region's spending power was sustaining the strong performance of trade in Dubai.

In 2007, 10% of Dubai's GDP was derived from gold and jewellery revenues as Dubai imported 559 tonnes of gold 14 per cent more than the 489 tonnes in 2006. Dubai's Strategic Plan projects that towards 2015 the gold and jewellery trade will be a major driver of economic diversification. Local experts from Dubai's financial and commodity trading sectors urged Dubai's gold traders to unite in their gold marketing efforts with a common goal of securing better price margins.

Ian MacDonald, Executive Director for Gold & Precious Metals at DMCC said that "Dubai's

gold trade registered a 16% growth in 2007 and reached \$19 billion. The volume of gold refined in Dubai rose up by 35% year on year in 2007.

Also at the Dubai Gold Conference, managing director for Middle East, Turkey and Pakistan, World Gold Council, Moaz Barakat said, "We are facing a challenging period. Gold prices are going up at a level that we haven't seen before. We have to be more creative and effective than ever before. We have to try to understand consumer behaviour."



Source: *Emirates Business* 24/7/08
Gulfnews.com 14/4/08

Interview:

Sylvain Falardeau of xGold.ca

Meet Sylvain Falardeau. He operates the digital gold exchange service xGold.ca and the DGC payment gateway Money Proxy.

Sylvain has in the past few years created innovative software for the integration of digital gold systems into everyday life. He markets and advertises online and offline. His local talents in Canada far exceed the marketing of any other agent I know in Canada. Even his business card is a scratch off free sample of digital gold.

His web site xGold.ca flawlessly integrates Canadian online banking and digital gold exchange. You can buy as little as \$10 in gold for just a tiny fee.

His business slogan is a simple one,
“Gold at your fingertips”
“L’or à votre portée.”

It’s always a pleasure to discuss business with Sylvain. Here is my interview.



(Q) xGold.ca is an exchange provider for digital gold currency. There are now some popular e-currencies like Liberty Reserve which are not backed by gold. Have you considered exchanging for non-gold backed digital money?

xgold.ca is really about gold currencies. We do not expect to add any non-gold backed currencies. We are thinking to add c-gold in the

coming months.

(Q) What is the most popular service that you provide to users? In the last three years since your business opened, what size growth have you seen in daily orders?

We have basically three services:

1. Gold to Bank
2. Bank to Gold
3. Invoice Payment

Gold to Bank is our most popular service. We now process 350% more grams with Gold to Bank transactions than in the first months of our opening. Our Bank to Gold service rose by 285% during the same period. In proportion, we have nearly twice Gold to Bank transactions than Bank to Gold. We are clearly buying more than selling.

(Q) What is your rate today on e-gold exchanges? Does that change daily?

We have a 9.5% fee for Gold to Bank with e-gold. We monitor the market and our cash reserve then adjust the fees accordingly.

(Q) What is your goal in operating this DGC business? What would your mission statement say?

“Gold at your fingertips” really describe our service. After the first account authentication and authorization, buying gold is as easy as normal online banking. No wire transfers, money orders or Western Union.

Our goal was to make it easy for anyone to start buying gold. People normally think they need a lot of money to start. And with other exchange agent, you also have to get a money order or



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have to worry about fees (basic fees in Canada for wire transfers are 15-30\$ + the time to get to the bank if you do not have the online web interface). The minimum amount for a Bank to Gold transfer is 10\$. So even a student can purchase 10\$ of gold with his paycheck every two weeks if he wants. It is basically, gold for everyone. When we started the project, we also tried to differentiate ourselves from other exchange agents. When we began in the field, we purchased gold from other well established agents. We sent wires transfers, they paid us when it cleared in their bank accounts. It makes it difficult to profit from an opportunity when the exchange rate of gold is low. In a couple of days, the gold may have risen quickly and you have lost a deal. At xgold.ca, all transactions are quoted at the time you approve the transaction. You know the amount in gold or dollars you will receive in your account: no surprise. This is really convenient for buyers and sellers.

(Q) Your service offers a direct online banking connection for customers. Is that only Canadian bank accounts?

Yes, we only deal with Canadian bank accounts. We aim to provide integration between the banking system and gold currencies instead of simply buying and selling gold. Our customers do not have to deal with wire transfers or money orders. They login, click "Bank to Gold", enter the amount, confirm the transaction and it's done. After the transaction clears, they receive the gold in their account.

(Q) How is your business, the Money Proxy (<http://www.moneyproxy.com>) coming along?

The system is fully operational but lacks integration with products available on the market. Our clients do not want to develop custom solutions when they implement a payment system. They want their cart software to directly support your service. Money Proxy was added to AEC, a Joomla! plugin to manage subscriptions. We will add direct support of our service in other products, like Virtuemart, in the coming months.

(Q) How does the Money Proxy work? How easy

is it for developers to implement the Money Proxy into their web site or shopping cart?

It is a multi-currencies payment gateway. It allows merchants to offer many payment options to their clients without having to open and manage multiple accounts and systems. We provide an automatic exchange to gold, independent of the payment option used by the client. Every day, your merchant account, denominated in gold grams, is withdrawn to your e-gold or Pecunix account automatically. We provide a documentation for developers to integrate Money Proxy with their website. It is really similar to e-gold or Pecunix shopping cart interface. We also provide an interface in your merchant account to help you test your "callback" script (it is the script receiving the secure payment notifications).

(Q) If a exchange agent or web site owner wants to incorporate some of your software into their business, do you offer such integration and how would they go about contacting you regarding your applications such as Money Proxy?

Our experience in software development allows us to build custom solutions. People interested can simply get to

<http://www.moneyproxy.com/contact-us>

We will be happy to evaluate their propositions.



(Q) Do you ever see a time when DGC business will surpass credit cards for retail online purchases?

It would be fun to see, but, realistically, no. And this is not necessary for an alternate payment systems to succeed. I think what they need now is simply more merchants!

(Q) For enterprising DGC people in Canada, is there an opportunity

to partner with your business and expand?

We do not have affiliates with xgold.ca yet. With Money Proxy, you can get a percentage of the fees we collect from the merchants you referred to us. We are open to business propositions or ideas.

(Q) You've told me before that xGold.ca is a Pecunix PREO, what does that mean and why are you one? Being a PREO does that help your customers?

The Pecunix PREO (Preferred Retail Exchange Organisation) are listed on www.pecunix.com as independant exchange agents. We decided to apply to let people know we exist and to be known by Pecunix administrators as legitimate agents. It helped our reputation, like being a member of the GDCA, to be recognized as trustworthy.

(Q) As a Canadian user, if I sell Pecunix to you today, when will the funds post in my account?

For Gold to Bank, it is two business days. Our system will calculate the exact deposit date, taking into account banks holidays and week-ends. So before accepting the transaction, you know when you will receive your dollars.

(Q) Do you offer the lowest rates for Canadian buyers?

I think our rates are really good, considering the fact that you have the control *when* you buy/sell and eliminate the risks of rapid gold exchange rate changes.

(Q) What is the absolute smallest CAD purchase I can make using your service?

0.5 grams for Gold to Bank, 10\$ for Bank to Gold

(Q) I know you offer a DGC bill pay service, can Canadian customers. This is a first of its kind for DGC users in Canada?

Yes, we offered this service but it is temporarily out of service now (scheduled to resume this

BANK TO GOLD Modify authorisation Cancel aut...

This screen allows you to make transfers from your bank account to your gold ac (E-Gold or Pecunix).

1 Source Bank Account : Cheque - BL
Destination Gold Account : sylvainf@xsoli.com (Pecunix)
Dollar Amount of Transfer : 10.00 (\$ CAD)

BANK TO GOLD TRANSACTION SUMMARY

Please review the Bank To Gold payment you are about to make:

2 Source bank account : Cheque - BL
Expected withdrawal date : 2008-05-28 *
Destination gold account : sylvainf@xsoli.com (Pecunix)
Expected deposit date : 2008-06-03

Withdraw from my bank account : 10.00 \$
Spot gold price : - 29.5834 \$ CAD/g
Equivalent in gold : = 0.3380 g
Fees : - 0.0000 g
Deposit into my gold account : = 0.3380 g

* Please note that, depending on the bank, it may take one or two working days after the transaction date before your account is actually debited.

Back

summer). It was used by a minority but was more a marketing strategy. When we introduced people to gold currencies, they asked "but, what can I do with this gold in my account?". It was interesting to let them know they can pay their electricity/phone/cable/etc. bills like they do with their online banking interface. We have 2300+ utility companies in our database. It is more than the number of merchants accepting gold currencies right now!


(Q) As a Canadian bank account holder, what do I need to provide in order to begin exchanges through xGold.ca?

For Gold to Bank transactions, you enter your bank account number online and you can make your transaction right away. For Bank to Gold, you have to fill and send a banking authorization form by mail. A voided check should be included with the form. After verification, we activate your account

horisation

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Next



BANK TO GOLD TRANSACTION STATUS

The "Bank to Gold" transfer has been accepted. Please wait while the bank processes your request.

Reference No. : T001707

Source bank account : Cheque - BL
 Expected withdrawal date : 2008-05-28 *
 Withdraw from my bank account : 10.00 \$ CAD

Destination gold account : sylvainf@xsoli.com (Pecunix)
 Expected deposit date : 2008-06-03
 Deposit into my gold account : 0.3380 g

Please note that, depending on the bank, it may take one or two working days after the transaction date before your account is actually debited.

3

Finish

Transaction

Confirm

(Q) When I interviewed you about one year ago, regarding the percentage of exchanges which were e-gold or Pecunix you stated that, "...90% of our business with e-gold.". With all that has happened in the last year with e-gold, how is your business split today between Pecunix and e-gold?

Now, we have people buying Pecunix and selling e-gold. Not really surprising with the current e-gold market.

(Q) Do you still have faith that e-gold will survive the onslaught of problems the government has created by their attacks?

I hope e-gold will prevail. I am not aware of all the details of the case but one thing is sure: the current situation of high out exchange rates make it less appealing to new users.

(Q) In a previous interview with me you stated that, "We out exchange with Omnipay." Do you still use OmniPay and has there been any interruption in that service?

Omnipay closed his service last year. It was supposed to be temporary because of a relocation to Africa but they did not resume their service yet. We now use other e-gold exchangers for out exchange when necessary.

with a limited amount (300\$/month). If you need larger amounts, we ask for other authentication documents (passport, driver license, utility bills).

(Q) I've seen that great sign you have for your car door, I think that is excellent advertising and peeks people's interest. What other advertising have you done and do you target specific groups?

We have done radio promotions in Quebec. We offered a cinema ticket for 1\$ (to be paid in gold). We also have a "scratch" business cards acting like a voucher. You simply open a gold account and we deposit a quantity of gold instantly. It helps to get people started with at least something in their account. There is also the spudz which is very popular. It is a microfiber cloth for lens and computers. Even people not really interested in gold like it and it gives us great visibility.

(Q) I assume you have seen the recent high rates some agents are charging for e-gold exchanges. Will you be able to continue providing e-gold services if the high rates persist?

If it continues for too long, we may drop e-gold completely until the case is solved with the US DoJ.

(Q) Webmoney Transfer is automated to receive payment vouchers from what I often refer to as 'cash to digital services' around the globe like Ukash, paysafecard, cashU and ever payer. Customers pay cash locally, receive the voucher, log in and instantly fund their WM accounts with the voucher numbers. Would you

consider automating your business to include global payments from sources like these?

We thought about implementing this option when we began working on xgold.ca. Our business cards are an example of vouchers you can cash instantly. But, to be effective, you need a good number of places where you can purchase these vouchers. We may expand our payment options in the future with technologies from other companies but will have to be sure their terms of service allow the purchase of digital gold currencies.

(Q) Does your service allow user to automatically move value from Pecunix to e-gold? (autoexchange)

No, they cannot do it directly. We did not want to enter this market because other exchange agents did it. We wanted to be different. But this is not definitive, we may implement it in the future.

(Q) A year ago, the price of gold was about \$650, I've always been curious to ask agents, have you made more profit on the rise in recent gold prices or your customer exchange fees?

We always make more profit from the rise in the price of gold than with our fees. I think you cannot separate the fees and the money you gain/lose with the exchange rate of gold in the long run. If we only made 3% profit on transactions, we would not be in this business anymore.

(Q) How much gold do you have on you right now?

When I meet new people, I normally have an ounce of gold and business cards loaded with grams of gold. They are always amazed: what? 900\$ for this small thing! The most surprised are the one I first met a couple of years ago. They ask "was it not at 500\$ the last time we've met?". And they are the one not buying gold or even exchanging their electronic business cards I gave them. Go figure.

I'd like to thank Sylvain for answering my questions and sharing his industry insight with us.

E-GOLD EXCHANGE RATES SKYROCKET UP!

In all the years I've used e-gold, I've never seen their legitimate e-commerce users suffer this badly. High exchange rates appear to be killing any good business connections e-gold created for itself over the past decade. Who could or who would use e-gold and pay an outexchange rate of 20-45% ...while other suitable digital currency payment systems are available at everyday rates of 2-3% or lower? What legitimate Internet business could afford to accept that size loss on an outexchange?

Legitimate business people can just as easily move over to Webmoney, e-bullion, Liberty Reserve, c-gold or any of the other popular digital currencies that are used each day across the Net.

In the decade which has just passed, exchange agents could always maintain their liquid bank accounts simply by transacting back and forth with OmniPay. Except on weekends, the good people at OmniPay were always available for a small, large or extra large transactions. Since the government began attacking e-gold the liquid market OmniPay represented is simply gone. Today there are major questions being asked if anyone can get money out of e-gold without losing their shirt in the process.

Late last month, CashCards announced, through their email customer list, that they had become the Primary Dealer for e-gold. That powerful dealer position had previously only been occupied by OmniPay. It seemed like welcome news to everyone except for the fact that the CashCard rates were clocking in at about 25% for an outexchange.

I understand the concept of risk vs reward, but as the primary dealer that high rate only hurts business. Fees that high had been previously only been used by agents accepting credit card order from Russian IPs!

The high rate broadcasts to the world that there is substantial risk with any e-gold transaction. Rates that size for anyone calling themselves a Primary Dealer, are killing any hope of e-gold's business surviving.

DGC USERS BUY VIRTUCARDS FOR ONLINE CREDIT CARD TRANSACTIONS

Doing business online using digital gold currency is the ultimate in convenience and low fees. Consequently, it is safe to conclude that the majority of DGC users do not have a wallet full of credit cards.

However since more than 80% of all online transactions are paid for with a CC, the average DGC user will eventually end up on a web site that does not accept digital currency. At some point in the next 12 months, it is a reality, that you will surf to a store that only accepts credit and not gold.

Shoppers finding themselves in this dilemma, have an easy and very popular product to which allows them a 'work around' and will quickly and painlessly complete their purchase. This is a product which can enable any DGC user with the ability to complete online credit card transactions. These smart online shoppers use their digital gold and purchase a prepaid virtual credit card and use it just for that transaction. There are several good companies online that offer this virtual card product. Here is one which has proven to be a good product in past years.

VirtuCard (<http://www.unlinq.com>)

“unlinQ provides consumers and businesses with novel payment alternatives tailored to meet their evolving needs.”

Unlinq sells the VirtuCard, which is a virtual credit card, issued from a US bank that can easily be used for online shopping, Internet Credit Card payments or identity verification on account set ups like PayPal, eBay, Moneybookers etc. Unlike a plastic CC, with VirtuCard there is no physical card so there's no issuance fee. Users pay only for the funding fee and those amounts are very reasonable.

This VirtuCard has an awesome feature not found on many other card products. With VirtuCard users can avoid any 'card breakage'. The VirtuCard holder specifies the exact amount to be funded or reloaded. There are no present funding options like \$50, \$100 or \$500 as most other cards offer. You no longer have to scour the Internet for that \$7.54 dollar item to buy so you can use up your left over prepaid card balance. Any available unused balance can be refunded directly to the cardholder upon request. If you request the funds back, there is never an oddball amount left over on the VirtuCard. These features offer much more flexibility than other prepaid card products and they accept digital gold for purchase and reload funding.

Shortly after you make a VirtuCard purchase, the card number including the CVV are delivered to you by email. Plug in any US address.

Pay for your VirtuCard purchase with Pecunix, C-gold, e-gold or eCache.

LIBERTY RESERVE UPDATES & UPGRADES

by Clarence W.

Good news from the Liberty Reserve camp and a beacon of hope in an otherwise cloudy DGC world.

Here are some new and exciting updates that are coming up shortly:

- Version 3.0 of our Web Site that will feature additional options for your convenience, streamlined logistics and friendlier interface.
- Phone support is available for compliance department (regarding all issues with verification of exchangers) and direct phone support for exchangers is available now as well. Customer phone support is scheduled to become available later this year and will be available to every registered Liberty Reserve user.

- Live support will be available at least 8 hours per day, every day, which will extend to 24/7 before this year's end.

- Company history, short employee bios and pictures will become available with the next release of Liberty Reserve software (3.0), along with detailed company registration and full compliance information.

- New account types, and new VIP services will become available after July 15th, of this year. Selected qualifying customers will enjoy more personal service with added bonuses and discounts worldwide.

- Also, starting from July or August all exchange providers and merchants, as long as VIP customers are welcome to come by our offices and meet the people that make everything happen, as well as, enjoy the Costa Rica and everything this wonderful country has to offer.

- Please update your libertyreserve as soon as you can

Rest assured that Liberty Reserve will continue to stand out and lead the way with its professionalism, team of highly skilled and responsible employees and will continue to deliver on every expectation you may have. Our commitment to you is to always keep you informed, to provide the most secure, feature rich and private environment to conduct your on-line business affairs, and, most importantly to show the power and effect an electronic currency can have in every day life.

From all of us at Liberty Reserve - Best of luck and a special thank you goes to our members, exchangers, merchants and everyone else who stood by our side.

For information and support please e-mail us at support@libertyreserve.com

Looks like they now have some good DDOS protection, cheers to that! Don't forget to drop by their blog for up to date quality information on their operation.

<http://blog.libertyreserve.com>



SAUDI ARABIA EXPANDS LOCAL GOLD REGULATIONS TO FIGHT DIRTY MONEY

The Saudi Gazette is reporting that the Kingdom of Saudi Arabia has imposed strict new regulations to fight and prevent the possible use of gold, jewelry and precious stones in connection with money laundering or terror financing.

A leading daily pan-Arab newspaper, Al-Hayat, reported that,

“Individuals working at the Saudi gold and jewelry market have recently noted that diamond and other precious stones may well be used for “bleaching” of money and for finding inroads into financing terrorism. A number of tradesmen indicated that jewels are perfect choice for money laundering as they are both lightweight and expensive.”

The Ministry of Interior is now directing owners of gold and jewelry shops within the Kingdom to be on the watch for suspicious transactions and is requiring them to report such activity. Al-Hayat reported that a recent Royal Decree established the anti-money laundering regulation and new Financial Investigations Unit. The unit reports to the Assistant Minister of Interior for Security Affairs and is directly involved with analyzing data and of reporting all suspicious transactions at all financial and non-financial institutions.

Source:

<http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=200805267527>

ONE OF THE MOST AMAZING INTEGRATION BETWEEN THE CANADIAN BANKING SYSTEM AND POPULAR GOLD CURRENCIES.

The advertisement features the Xgold.ca logo in the center, surrounded by logos for e-gold, pecunia (money refined), and Canadian Banks. Two curved arrows, one yellow and one green, form a circle around the Xgold.ca logo, indicating a cycle or integration. Below the logos, text states: "Purchase as low as 10\$ of gold for only 0.35\$ fee. No expensive wire transfer fees or the need to get a money order!" and "No surprise! You know when your gold or dollars will be deposited in your account." A logo for GDCA member is also present, with the text "Accredited PROUD MEMBER OF GDCA".

HOLLAND TRIES THEIR OWN INTERNET PAYMENTS BAN (UIGEA)

In mid-May the Netherlands Ministry of Justice confirmed a new legislative measure that will impose criminal penalties on local banks and credit card companies if they facilitate for any Dutch citizen, gambling payments on foreign gambling sites.

Their Ministry of Justice has circulated a list of approximately 50 gaming site that are now banned. To the disappointment of many local online players, that list included such popular sites as Unibet and Oranje Casino. The Ministry of Justice has asked payment processors to block all payments between these sites and Dutch citizens. No word yet if DGCs are moving to block any Dutch IPs.

A really scary butch spokeswoman for the Ministry of Justice said: "It is illegal to offer gambling services in the Netherlands without a permit. These companies know they break the law." She added that a complete list of alleged 'illegal online gaming operators' would soon be given to public prosecutors office for further action.

In early 2007, Holland Casino signed a three year contract with Cryptologic to supply online casino and poker software. The online gambling web site was originally expected to launch around mid last year. At that time, it was anticipated the Netherlands would become the second country to launch a state owned online gaming site after Sweden, which went live in March 2006.

Source: <http://gamingIntelligenceGroup.com>

DGC Aid To EARTHQUAKE VICTIMS IN CHINA

Visit <http://www.paysgold.com> to help



A popular DGC exchange agent, PaysGold, is located in Jinan City, China. As you can see on the news each night, that entire region around them was just hit by a monster size earthquake and many people there are now suffering.

CNN is showing there are more than 5 million people homeless. Our friends at PaysGold are collecting donations through DGCs and giving the cash funds in local currency to aid organizations including the Red Cross. It's not often that you will get a chance to have a direct effect helping others through your digital gold account.

I'd like to encourage you to follow my lead, log into your accounts and donate a gram or two. Visit their web today and lend a hand. Here is a short message from paysgold.

If you would like to help the Chinese people, you can contact us and send gold/USD to our account. We will send the money to Red Cross Society of China by RMB. Our email is service@paysgold.com Please visit <http://www.paysgold.com>



PAYSGOLD

WORLDWIDE ECURRENCY EXCHANGE

PROVIDES EXCHANGE SERVICES & PRIVATE NO-NAME ATM DEBIT CARDS.
SERVICES FOR E-GOLD, E-BULLION, WEBMONEY, PECUNIX, LIBERTY RESERVE

*“GIVING OUR CUSTOMERS EASY ACCESS TO THE GOLD ECONOMY,
THE NEW ECOMMERCE REVOLUTION THAT IS THE FUTURE OF MONEY.”*



<http://www.paysgold.com>

Jinan City, China

(Actual PaysGold Debit Card Pictured Above)

“THROUGHOUT
THE CENTURIES
THERE WERE MEN
WHO TOOK FIRST
STEPS DOWN NEW
ROADS ARMED WITH
NOTHING BUT THEIR
OWN VISION.”

AYN RAND



Local Communities Retuning To Silver As Money

More and more people across America and Canada are taking a closer look at the real value of their money. Consumer's are watching their cost of living rise. Just about all of everyday expenses are higher now than they were last month. It seems that each day you wake up that gas price .10 cents higher.

- Can the local community do anything to strengthen the economy by supplementing their local economy with a commodity money such as silver?
- Can silver money help bring back strength and build a stronger economy?

Many people are starting to say yes to these questions and are taking a closer look at the paper money in their pocket. They are questioning why their notes buy less each day and what they can do about fixing this problem.

“Many are looking at the leadership in America not only on the political front, but also on the corporate level. Scandals are daily news, the dollar has come under attack, and “money” has disappeared from many investor portfolios.

As important as money is to the lifeblood of a modern society, it appears to me that something more important has been lost. Integrity and honesty are in extremely short supply today. As I have stated before, when you can lie about money, you can lie about anything.”

* <http://www.financialsense.com>

David Morgan July 12, 2002

AMERICANS RETURNING TO SILVER AS A MEDIUM OF EXCHANGE

“Indeed, silver’s monetary role has been so universally recognized throughout history that the very word for silver is money in many languages. In Italian, Spanish and French the words for “money” and “silver” can be interchanged. In Hebrew, the word kesep means both silver and money.”

* http://www.coinresource.com/articles/silver_as_money.htm



When national currency, which is backed by nothing tangible, drastically loses value, smart investors move their funds into commodities such as oil, wheat, gold and silver. Hedge funds across the country are pouring dollars into commodities in order to avoid losing the remaining value in their dollar accounts.

Some consumers and local communities have also recognized this problem and are adding value back into their local money using silver. Local communities are recognizing the tangible value of silver as a means of exchange. These communities are finding out, as the buying power of the US Dollar is now falling, the real value of their silver money has been increasing. People are quickly discovering they do not have to lose buying power if they use silver as a currency.

“Over the past fifty years, as the official mints of all the countries in the world have moved national currencies away from gold, and then abandoned even the silver standard, official currencies have become more fluid, and less stable. Now, with worldwide trade in international commodities including gold and silver, dollars and yen, carried on by keystroke around the world in milliseconds, the value of any currency can fluctuate wildly in a single trading day. This makes it harder

and harder to believe in the intrinsic value of the dollar, and more difficult to find a safe haven for any assets you may have accumulated.”

* <http://www.lqmint.com/>

Liberty Dollar <http://www.libertydollar.org>



In years past, we have seen several popular versions of 'silver money'. Phoenix Dollars are physical 1oz disks that are used for barter transactions between private parties who wish to trade physical silver for products and services offline. The Phoenix Dollars are weight denominated and fluctuate based on the market rate of silver. It's possible that in the future, the Phoenix Dollar could also be introducing a

7 denomination paper warehouse receipts called SilverBacks® which will be backed by physical silver bullion. **(please see disclaimer after article)*

The Liberty Dollar is real, private currency that you can use instead of your familiar US dollars. You can spend your Liberty Dollars at any Merchant in your community who voluntarily accepts. It is a friendly and neighborly way to strengthen your local community's economy, protect small businesses, and reduce our dependence on debt. **(please see disclaimer after article)*



These versions targeted national and even global users. While there were specific pockets of

activity popular with local users, the Liberty Dollar and the Phoenix dollar did not specifically target an exclusive local market or region of common users.

Phoenix Silver <http://www.phoenixdollar.com>

Spreading their use even further around the globe, each of these silver bullion products also has an electronic version for international Internet commerce. Digital silver accounts which can be used for online exchange are available from each of these two companies. The Phoenix Dollar does an especially good job of offering a software platform which encourages silver to be used in e-commerce.



Digital silver accounts are also available from [Crowne-Gold.com](http://www.Crowne-Gold.com) and [GoldMoney.com](http://www.GoldMoney.com) however, these are recognized and used for convenient digital bullion ownership (savings) and not online commerce.

A number of local communities in North America are making a renewed effort to strengthen their local economies and have created alternative silver currencies. Two area are already minting local silver alternative barter 'money'.

MATTOLE SELF-SUFFICIENCY PROJECT

(<http://www.mattoleselfhelp.org>)



“The Mattole Valley is located in northwestern California, southwest of Eureka, in a region known as the “Lost Coast,” so named because the terrain is very rugged and the California coastal highway turns inland, by-passing about 80 miles of coastline. As a geographically isolated region, the people living in the Mattole have developed a strong sense of community and a culture of independence and self-sufficiency. The Mattole Self-Sufficiency Project initiates, promotes, and/or encourages projects designed to promote a sustainable society here in the Mattole Valley.” -Ken Young

The first Mattole money denominated in silver ‘Petols’ became available in July of 2007. This is a local currency made of pure silver and there are no paper notes just the silver pieces. The ten Petols silver piece weighs one ounce. The exchange rate of Petols to US Dollars will depend on the daily price of silver.

As a means of local commerce, Ken Young, the creator of Mattole money, offers this easy to use chart.

10 p in US\$	Min Ag	Max Ag
\$16.00	\$10.00	\$12.00
\$17.00	\$11.00	\$13.00
\$18.00	\$12.00	\$14.00
\$19.00	\$13.00	\$15.00
\$20.00	\$14.00	\$16.00
\$21.00	\$15.00	\$17.00
\$22.00	\$16.00	\$18.00
\$23.00	\$17.00	\$19.00
\$24.00	\$18.00	\$20.00
\$25.00	\$19.00	\$21.00
\$26.00	\$20.00	\$22.00
\$27.00	\$21.00	\$23.00
\$28.00	\$22.00	\$24.00
\$29.00	\$23.00	\$25.00
\$30.00	\$24.00	\$26.00

On any given day, the chart calculation provides Petol users with an exact USD conversion price for using the currency with local commerce. As the value of the USD drops and the price of silver rises, so does the value of their local silver money. This is one community which will not suffer from the slumping US Dollar. Today the spot price of

silver is about \$16.80 per ounce valuing that 10 Petols silver piece valued at \$22 US Dollars. To further understand your local spending power, just follow the chart. Moves either up or down in the price of silver may change your local shopping budget. Downward moves in the value of the US Dollar do not effect local silver Petol users.

The 'petol' was named after the native tribe that inhabited the Mattole Valley before being settled by white pioneers. Ken explains the beautiful designs.

“The obverse design represents the Mattole, basically, the icons that exemplify our watershed. We have an extensive restoration project with two different (co-operating) groups working to restore the salmon runs to a level last seen 40-50 years ago. There are a number of local traditions associated with the “opening” of the river after the first rains in the autumn and the return of the salmon to their spawning grounds. Trees are a major part of life here as most people rely on wood-burning stoves to heat their homes and many people have portable mills and mill their own lumber. Trees do grow like weeds due to our wet and mild climate. The river represents the Mattole River which of course, is what created our valley and provides sustenance. The rising sun represents the new paradigm of sustainable living. A sustainable society produces the great majority of its own food thru gardening, ranching, and gathering. The reverse design on each coin represents a different theme of sustainable living. The ecology-economy-culture are the three pillars of a sustainable society. All three need to be in balance. Culture is the way people think, the values they hold, and their goals. Modern technological society has a “growth” culture wherein “bigger is better” rules. In my view, it is this type of culture that produces many of the problems we see in the world today (global warming, wars, peak oil, pollution, inflation, etc).”

Please visit their web site to learn out more about Mattole Money
(<http://www.mattoleselfhelp.org/Money.htm>) just

remember, local Petols currency is not recognized beyond their California community. Once outside the area, Mattole money's real value is determined by the one ounce of pure silver and not the Petols face value.

*Please note: (The traditions of numismatics and the laws of Canada decree that fine metal bullion coins may be issued and sold free of any tax, provided that the purity of the metal, the weight of each coin and a maker's trademark are shown on each coin's face. * <http://www.lqmint.com>)*

SALT SPRING DOLLARS
(<http://www.saltspringdollars.com>)



“Recognizing the long standing history of currencies backed by precious metals, we felt this was a natural progression for a local currency.” * <http://www.saltspringdollars.com>

The paper notes representing the Salt Spring local community currency (\$\$ for short), have been in operation since September, 2001. The \$\$50 silver coin was issued just before Christmas 2006, and is dated 2007.

Salt Spring Island is located off the coast of British Columbia in the Strait of Georgia. Permanently living on the island are about 10,000 residents. Over 90% of all local businesses (200 businesses)

accept Salt Spring Dollars and only about 6 do not! The currency has enjoyed enormous local success. Mr. Bob McGinn, President of the Salt Springs International Monetary Fund said,

“We issued a precious metal unit because we like the idea of money with inherent value. The .999 fine silver \$\$50 Coin represents our continuing commitment to the return to real money, and as well is another way of backing the circulating paper money besides the gold we keep in reserve.”

Bob also said that “The price of silver and gold being so high it is likely that their use in our coinage will never translate to them being in circulation on any kind of large scale but they remind everyone that Salt Spring Dollars are backed by more than (trust?).” The \$\$50 face value of the coin represents a total amount of costs to produce the item. This includes design, dies, silver bullion and minting fees plus a bit of profit built in for the SSIMF. Due to the success of this bullion product, other denominations of silver and gold coins are on the drawing board for the coming years.

The Sustainable Salt Spring Island Coalition developed Salt Spring Dollars to keep money from flowing out of the island economy. Its members researched several alternative currencies, and formed the not-for-profit Salt Spring Island Monetary Foundation (SSIMF) in July of 2001. Their goal was to structure a currency for Salt Spring Island. **Salt Spring Dollars are in circulation as paper currency at this time. Legally, Salt Spring Island Dollars are considered “gift certificates,” as they meet all four of Revenue Canada’s requirements.*

Clearly, many people today are worried about the value of their savings and money.

Silver is one good way to ease the pain of inflation. Whether you are using real silver money or holding silver as a hedge against rising prices and inflation, the price of silver has done very well in the past few years.

***LEGAL NOTICE:** Phoenix Dollars are NOT “legal tender” and NOT “current money” nor endorsed by

any sovereign government, country, city or state. Our silver bullion designs are very unique to the market so as not to confuse people who could potentially mistake our silver for legal tender. We take great care to ensure no such confusion is possible. Further we encourage all customers to not attempt to “utter” our silver as “legal tender” as that is a crime. Please be advised that the Phoenix Dollar has nothing to do with the city of Phoenix. It is merely in reference to the mythical bird depicted in the logo and on the silver itself. We recommend that you stick to the barter market and use them with people who you know to already be interested in silver bullion. When bartering silver, we ask you to also inform all parties of this legal notice in its entirety so there are no misunderstandings in the market place. Ultimately this responsibility is yours alone. If you break the law, you could face various penalties. Use at your own risk.

***LEGAL NOTICE:** Liberty Dollar is a private voluntary barter currency. It protects your purchasing power. It does not violate Section 486 as it is not intended to be used as “Legal Tender”, “Current Money” or “Coin”.

To learn more about local currency and using silver as real money in today’s world, please make sure to read our up coming Special Local Currency issue due out in late July.



ANALYSIS OF ETHIOPIA'S LARGEST GOLD HEIST

We'll file this story under the heading, "Don't let this happen to you!"

Here is a brief but detailed analysis of Ethiopia's recent 200+ Kilo gold theft. Just one of the crimes now under investigation, there were several...

BACKGROUND

Back in March, Ethiopia's national bank began inspecting their gold bullion inventory and uncovered a huge batch of fake gold bars. Some of the 'gold bullion' it had bought for millions of dollars was actually gold-plated steel. How did they first uncover the theft? Well....the Ethiopian Central Bank had exported a consignment of gold bars to South Africa only to have the bars sent back to them...uncovered as fakes. Now, they did catch most of the guys responsible for that theft, however, after careful inspection of all the gold bars held in the vaults, they have discovered yet another different group of gold bars deep in the bank's vaults which is also fake. This gold is reported to have been on deposit at the bank for several years!

The text is from a reporter, Kaleyesus Bekele, in Ethiopia and it was published previously in the East Africa Forum. <http://www.eastafricaforum.net/2008/05/24/masterminds-of-the-gold-scam-out-of-the-country-2/>

Individuals who masterminded the recent gold fraud at the National Bank of Ethiopia (NBE) have left the country before police started to arrest suspects. Reliable sources told The Reporter that the individual who first started to supply gold plated steel to the NBE was Asmare Ayalew. In 2005 Asmare's close friend called Samson went to NBE with a forged gold export license named Kefyalew Umeta Export. Samson, who used the fake identity, Ketyalew Umeta, as his name previously served in the Addis Ababa police commission with the rank of sergeant.

Samson (Kefyalew Umeta) gave a power of

attorney to Asmare, which enabled Asmare to supply gold to NBE on behalf of Kefyalew Umeta and to receive payments. According to information obtained from NBE in 2006, Kefyalew Umeta supplied 239.36748 kg of gold with a total value of 35,924,502.59 birr. [\$3.7 Million USD]



Fake or Real?

From July to December 2007 Kefyalew supplied 222.9623 kg of "gold" valued at 35,974,160.34 birr. Sources told The Reporter that Asmare was supplying the product to NBE on behalf of Kefyalew Umeta and the payment was transferred to Asmare's bank account in the Commercial Bank of Ethiopia (CBE). Sources said Asmare supplied the product to the NBE by bypassing the Ethiopian Geological Survey's Central Geo-Chemical Laboratory which is supposed to inspect the gold. Asmare and Sason had wooden boxes which NBE gives to gold exporters.

They also had forged seal of the Ethiopian Geological Survey. According to information obtained from NBE, Kefyalew Umeta Export supplied 529 kg of "gold", which only 30 kg was real gold. In 2005, the laboratory inspected 30 kg of gold brought by Kefyalew Umeta Export. The laboratory also inspected eight gm of real gold brought by Kefyalew but it was not supplied to NBE after the inspection.

According to sources, at least 200 million birr [\$20.8 Million USD] payment was transferred from NBE to Asmare's account in CBE. Sources said Samson (Kefyalew Umeta) and Asmare left the country in September 2007. Sources added that Asmare now resides in the US while Samson is in Australia. Asmare helped other individuals who collaborated with him to get out of the country.

Asmare got an investment license to establish a big construction company here in Ethiopia which he used to legally send the money out of the country. Sources said Asmare opened a letter of credit at CBE claiming that he wanted to purchase heavy duty construction machineries from the US. The money was wired to a construction machinery manufacturing company in the US through City Bank. However, after Asmare went to the US he took the money from the company saying he had changed his mind. Asmare and Samson took their families with them.

The Federal Ethics and Anti-Corruption Commission's Prosecutor is expected to file charges against 26 suspects who are under custody accused of an alleged involvement in the gold fraud on the coming Monday. Sources said some of the business people under custody learned about the fraud from Asmare and Samson.

When the commission took the case to the Federal High Court the file was called under the file of Kefyalew Umeta. However, now the file is called under the file of Mudesir Mohammed. Mudesir, owner of Sofam Enterprise, is in custody together with his four brothers and one nephew. Four individuals from the Ethiopian Geological Survey, seven from NBE and 15 businesspeople and other individuals. According to the Federal Auditor General report, the NBE has lost 158 million birr.

However, sources said Samson and Asmare defrauded the bank of over 200 million birr and this one was not included in the report. The court case is adjourned for April 7.

THE NEXT ATTACK ON GOLD HAS BEGUN

by Gary North from Lewrockwell.com

When governments want to expand power over the monetary system, they invoke the need to clamp down on money laundering by criminals. There is a problem here. After these laws and new rules are passed, crime never goes down, but our privacy does. That is a problem for us. It is not a problem for governments.

The Toronto Globe and Mail ran a story on money laundering and new Web-based businesses that allow people to buy small amounts of gold and then spend this gold as money.

The development of these businesses is the preliminary step to the restoration of private money. This is regarded with great hostility by national governments and central banks. National governments ever since 1914 have worked with central banks to remove gold from circulation as money. This began with the outbreak of World War I. It has never ceased.

The development of the credit card was the culmination of a dream of every fractional reserve banker. Bankers in a fractional reserve system have always feared the withdrawal of currency by depositors. This reverses the fractional reserve process. It shrinks the money supply.

By substituting digits for currency, bankers have solved this problem. A depositor can move digital money out of his account, but it is transferred to another digital account. The system does not lose deposits. When someone withdraws currency and does not redeposit it, the money supply declines. So, credit cards are a banker's dream come true. The threat of bank runs by depositors has ended. But now a handful of small companies have offered depositors a way to substitute digital money for gold stored in a vault. This gold can now be spent digitally. This creates the threat of a rival form of money.

Hardly anyone accepts gold for transactions. So,

the threat to banks is remote today. It is merely the first hesitant step in the creation of an alternative monetary system. Yet this threat has aroused the hostility of some government organizations: those that monitor money.

This alternative money avenue is tiny. Hardly anyone knows of these firms. Fewer still have signed up. Nevertheless, some government agencies are preparing to make war on these tiny firms. "This thing must be nipped in the bud." The Globe and Mail reports on this new pressure by governments.

Canada's financial intelligence agency warns that criminals may be exploiting Internet-based companies that convert cash into electronic gold, exposing a new front in the international effort to restrict terrorist financing and money laundering.

While other channels of money laundering are successfully being shut down, authorities are increasingly worried about a proliferation of "digital precious metals operators" websites that offer clients a chance to conduct Internet business in units backed by gold and silver rather than paper currencies.

The Financial Transactions and Reports Analysis Centre of Canada, or FINTRAC, has produced a report on this supposed threat to the public. It's bad, the report says. It's huge. It's everywhere. The reporter summarized this report. These companies are "facilitating millions of transactions on the fringe of the international financial system – the equivalent of a Wild West where legitimate businesses, privacy-seeking individuals and criminals can mingle just out of reach of the law."

We know what the Wild West was. It was where the U.S. government had not sent a marshal to police everything. The Wild West was just out of reach of the law, meaning Federal law.

At stake is the effectiveness of the financial reporting rules that countries such as the United States, Britain and Canada enacted in response to the Sept. 11, 2001, terrorist attacks. A network that allows individuals to move money around the world means criminals can avoid commercial

banks and other financial institutions required to turn over their records to the government.

You can see where this is headed. Legitimate businesses and privacy-seeking individuals are going to be told to surrender to the Greater Good of the Government in its program of stamping out criminals and terrorists. We all know how successful these government efforts have been so far. We are therefore supposed to accept more of the same.

"As financial institutions and non-financial businesses increasingly deter money laundering and terrorism financing, adaptable and technology-savvy criminals and terrorist financiers will likely see other unregulated, exploitable avenues to further their nefarious purposes," concludes the report, which was made available under the Access to Information Act.

"Digital precious metals may become one of them."

The horror!

One firm that offers these services is Goldmoney. (<http://goldmoney.com>) Its vault is located in London. The company is outside the jurisdiction of Canada and the United States. It has done a great deal to restrict access by criminals. But none of this matters to governments. The firm's offense is that it offers a way for individuals to escape mass price inflation, which is always the creation of central banks. This escape hatch is considered criminal by governments.

WHY GOVERNMENTS HATE GOLD

When a society's monetary system is based exclusively on private contracts and voluntary exchange, civil governments find it difficult to make money by counterfeiting. They cannot directly control the monetary system. They can influence it through legislation and the courts by altering what constitutes a legally enforceable contract. The main interference here is a government's decision to allow banks and private storage facilities to issue receipts – IOUs – for gold or silver that are not covered 100% by the quantity and fineness of

the metal promised on the receipt. This violates private contract law. It authorizes fraud. It legalizes counterfeiting. But the government is not helped much by this interpretation of contracts. Banks and warehouse storage facilities are the main beneficiaries.

The history of civil government has been a history of the governments' assertion of sovereignty over money. They do not prove the case for such sovereignty as an inherent attribute of civil government. They do not even mention this theoretical problem. They merely enforce the principle by law.

There is a reason for this. All civil governments, with the lone exception of Byzantium from 325 to 1453, have deliberately tampered with the metal content of the monetary unit. They have practiced counterfeiting. They have added less expensive metal to the silver or gold and have then spent the new money into circulation at the older, higher value.

This is theft. Governments steal from naïve, trusting individuals who sell at yesterday's prices on the assumption that the nation's official counterfeiter has not, coin by coin, stolen silver or gold and replaced it with tin or some other base metal. The skeptics see what has happened and raise prices, or they borrow with the intention of repaying the loan with money of reduced purchasing power.

Counterfeiting, when practiced by a private agency not licensed by the government, is denounced as theft and is prosecuted by the government. On the other hand, whenever counterfeiting is practiced by a national government or a government-licensed central bank and fractionally reserved commercial banks, this is referred to as scientific monetary policy. It is heralded by free market economists as being in the public interest.

Central banks are charged with the responsibility of carrying out monetary policy. The major purpose of the Federal Reserve System (and other central banks) is to regulate the money supply and provide a monetary climate that is in

the interest of the entire economy. (Gwartney & Stroup, Economics, 4th edition, p. 281).

A MORAL ISSUE

Sometime around 750 B.C., the prophet Isaiah identified the practice of monetary debasement as one of a series of government acts against the public interest.

Thy silver is become dross, thy wine mixed with water (Isa. 1:22).

The process of debasement, he argued, was initially moral debasement. It affected the entire nation. "Wash you, make you clean; put away the evil of your doings from before mine eyes; cease to do evil" (Isaiah 1:16). Then it became judicial debasement. "Thy princes are rebellious, and companions of thieves: every one loveth gifts, and followeth after rewards: they judge not the fatherless, neither doth the cause of the widow come unto them" (Isaiah 1:23). But its most visible mark was monetary debasement. This led to the debasement of wine, i.e., product quality debasement. He warned of God's wrath to come.

Therefore saith the Lord, the LORD of hosts, the mighty One of Israel, Ah, I will ease me of mine adversaries, and avenge me of mine enemies: And I will turn my hand upon thee, and purely purge away thy dross, and take away all thy tin (Isaiah 1:24–25).

Academic economists refuse to identify monetary debasement as a moral issue. Economics textbooks at every level discuss fractional reserve banking in terms of technical issues, never moral issues. The only exception is Murray Rothbard's little-known textbook on money and banking, *The Mystery of Banking*. He identified fractional reserve banking as immoral. It involves theft. The book was never adopted by any economics department. It soon went out of print. You can download it for free [here](#).

There is moral cause and effect in society. Because counterfeiting by any agency is immoral, because it deliberately forces the redistribution

of wealth from those who spend the money late in the process, after prices have risen, society suffers. An assault on the integrity of contracts undermines cooperative ventures.

Whenever the government or its licensed monopoly, the national central bank, spearheads this assault, the public is unable to defend itself. It does not even suspect there is a problem until the rate of price inflation is widespread. Even then, the government and its spokesmen blame speculators for rising prices.

RIGHT HAND VS. LEFT HAND

Jesus said, "But when thou doest alms, let not thy left hand know what thy right hand doeth" (Matthew 6:3). His point was that we are not to seek fame from our giving.

Take heed that ye do not your alms before men, to be seen of them: otherwise ye have no reward of your Father which is in heaven. Therefore when thou doest thine alms, do not sound a trumpet before thee, as the hypocrites do in the synagogues and in the streets, that they may have glory of men. Verily I say unto you, They have their reward (Matthew 6:1–2).

That thine alms may be in secret: and thy Father which seeth in secret himself shall reward thee openly (Matthew 6:4).

In the field of civil government, the right hand ought to know what the left hand is doing. Otherwise, policy may be at cross-purposes.

This is what monetary policy is in the United States and Canada. Both nations produce gold coins. They are not really coins. They are not counted in the money supply. But they look like coins. People can buy them.

Problem: evil criminals and terrorists can use these non-coins in their nefarious plans. These non-coins leave no paper trail of digits.

My advice is that we should take advantage of the governments' schizophrenia. If we can legally buy a little future freedom, we should.

I recommend using digital gold storage facilities that are legally incorporated outside the United States, and whose vaults are also outside. But the little guy should first buy gold coins issued by his nation's mint. Maybe after the first \$10,000, he should consider an off-shore vault program.

CONCLUSION

The war on gold will continue.



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