

DGC Magazine

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

MALAYSIA DOES IT BETTER!

AN INTERVIEW WITH C-GOLD FROM PENANG, MALAYSIA



WebMoney Keeper Mobile - Stay Paid. Be Mobile.

Time To Prepare

by Paul A. Rosenberg

<http://www.veraverba.com>

Page 4

INSIDE THIS ISSUE

A Message From Mr. Paul Tustain to BullionVault Users

<http://www.bullionvault.com>

Page 5

Interview: Commerce Gold

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

Page 8

Great News from GoldMoney

<http://www.goldmoney.com>

Page 25

What the Hell Happened?

By Claire Wolfe

Page 18

Liberty Dollars:

An Inflationary Tale

by Derek Stovesand

<http://www.attributemagazine.com>

Page 37

American Open Currency Standard AOCS Bartering With Silver Interview with Mr. Rob Gray

<http://www.opencurrency.com/>

Page 26

COVER

THE PROUD MALAYSIAN FLAG. COMMERCE GOLD IS OPERATED FROM PENANG, MALAYSIA.

Print version available from <http://www.magcloud.com>

DGC Magazine is published online 12 times a year. Subscriptions are free. Ads are free to industry participants.

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TIME TO PREPARE

by Paul A. Rosenberg

The prediction of “troubled times ahead” has to be among the safest in all of human history. There have always been troubled times ahead. But, in my opinion, and that of many others, we may be headed into troubles of the “history book” magnitude.

Structurally, approaching bad times are almost guaranteed: Fiat currencies plus welfare state promises are unsustainable; it really comes down to simple mathematics. The numbers simply do not work.

The various states are aware of this and have been trying to deal with it for some time. For example: To support their welfare programs that require more new workers than their populations are producing, the European states have brought in immigrant workers. Unfortunately for them, they’ve brought in people from a radically different cultural base, and who aren’t very interested in playing by Western rules.

All the state adaptations, however, have only slowed down the inevitable. Putting more fiat currency into the economy very strategically and making up the demographic gap with immigration are not nearly enough. The promised services simply cannot be rendered; the real question is the expiration date. At some point, all such systems fail; the expiration date may come next year or maybe next decade, but it will come, in one way or another.

Yes, it is always possible that I and my fellow prognosticators are missing some surprising fact that changes everything, but history is strongly on our side. So, presuming that serious bad times may be coming, the prudent man should prepare. But the important thing about preparation is this: Internal preparations are far more important than external strategies.

ADAPTATION

A friend of mine has recently been on a tear, saying that the people who are withdrawing from

investments and hoarding gold are missing the greatest of all opportunities. On one hand, I agree with him – the best opportunities do open up when the bandwagons disappear and the crowd runs away. That leaves an opening for people like us to move into profitable situations. “Stable” years are usually boring, regimented and institutionalized.

That said, there are rare times which see systemic failures, and at such moments gold and other hard assets are the things to hold. Sure, you should work and invest actively just the same, but when paper becomes worthless, holding it - or anything tied to it - is disastrous. (Except if you hold loans denominated in the worthless currency – and if your property rights can be defended.)

When this day comes, paper money and welfare states will fail. Their operators will also probably resort to massive wars - either out of anger, desperation, or simply fighting to be the last gang standing. (States fight... by nature, it would seem.)

The more it seems like the regime is failing, the more a prudent man should move to gold, silver, land, weapons, etc. History does happen. Guessing where and when is hard, and has been a wasteful exercise throughout most of our lifetimes. But, it does happen, and when it does, things change massively.

The crucial point in all this is that we must be ready to adapt. We have to change strategies quickly. This is far more of a psychological issue than it is any other type.

MORAL CLARITY

The pivotal element in the ability to adapt is moral clarity. You have to know right from wrong. Without this, you will be slow to trust yourself and your movements will lack force.

Morality in our time has been widely portrayed as an indistinct morass. As a result, most of us wander in a wide border zone where right and wrong are barely acknowledged. But it remains moral clarity that makes men good, not the elimination of right/wrong choices.

This, of course, leaves us to define the “good.” It’s odd to see so many people freeze up at that question. And the ones that do venture an opinion often complicate it to hell. Honestly, it isn’t that hard. I’ll give you two foundational statements:

1. What is hateful to you, do not do to any man.
2. Do not encroach upon anyone or their property, and keep your agreements.

Number one is the original statement of the "Golden Rule," and number two is the essence of the common law - more or less an extension of #1. And that's all that we really need. Sure, a professional philosopher can come up with weird exceptions, but that's not a serious concern. Send the one-in-a-million scenario to a specialist and get on with the rest.

Are there situations in life that are complex, and that require careful use of these basic statements? Of course, plenty of them, but that's no reason to say "we can't know right from wrong," or "you only see that as right or wrong because of your cultural bias." Integrity and self-reference are universal, and they are all that you need. Act with integrity and I guarantee that you'll do the right thing 99.9% of the time.

Here's a critical point: Integrity is such a simple concept that it can be understood by any functional adult. This means that moral clarity is not only possible, but universally accessible.

THE HERO

What I'm really talking about here is something that is profoundly out of style: Heroism.

Moral clarity is the foundation of heroism. Once that is in place, people can grow into heroic beings. It doesn't spring up immediately, of course – it requires continued effort, like any other virtue. But once moral clarity is in place, heroism can be built.

I leave you with a few lines from a David Crosby song called The Hero. They can apply to us as much as they have applied to anyone else in any other time:

*And the reason that she loved him,
was the reason I loved him too.
He never wondered what was right or wrong,
he just knew,
he just knew.*

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Paul is the author of Production Versus Plunder and other books. You can find his work at <http://www.veraverba.com>

A MESSAGE FROM MR. PAUL TUSTAIN TO BULLIONVAULT USERS

Dear BullionVault user,

Not for the first time the Financial Times says we are "nuts" - a word which all too often follows on from "gold" in the financial media.

I should rise above this sort of thing. What does it matter if the FT thinks me nuts? But I find I'm irritated, both for myself and on the collective behalf of successful gold investors. I don't think we deserve to be called "nuts" after our gold has for 6 years so consistently outperformed all those other serious investment classes so diligently analysed on Wall Street and in the City.

Gold continues to strengthen against the Dollar. Faint hopes of a swift "V-shaped" recession are dwindling, which is hardly surprising. Global economic activity up to 2007 was driven by rich world consumers buying things even they couldn't afford. In the US alone they have since lost about \$12 trillion of private wealth - \$120,000 per family. Judging by estimates published in The Economist this should induce a demand slump of about \$500 billion per year, for 10 more years.

That means a typical family will be cutting back spending at the rate of \$5,000 per year for a decade. So our economies will stay shrunk, threatening deflation.

To combat this governments are trying to engineer some inflation. Deficit spending here, quantitative easing there, and zero interest rates everywhere; with all of it geared to stimulating more production in a world already suffering over-capacity. This is where they step into dangerous territory.

Retail prices inflate in an overheating economy when there is a supply shortage of consumer goods. Because demand outstrips supply the producer has the whip hand, and he exploits it by asking more money for his goods. But look around you today

and you will see there is no supply side shortage in the world economy. So if we do get inflation it's not going to be because of overheating.

Hyper-inflation, on the other hand, has little to do with supply side shortages and overheated economies. It happens when a currency dies. Once the realization grips savers (not consumers) that their money is losing its purchasing power then they exit money and look for better stores of value.

So while 'normal' inflation is driven by consumer-pull for goods, hyper-inflation is driven by saver-push of money, and this explains a big qualitative difference between inflation and hyper-inflation.

Modest inflation through undersupplied goods has a negative feedback because new supply pulls prices back, bringing the economy back to equilibrium. Hyper-inflation does the opposite. Once it starts it suffers a positive feedback by encouraging more and more savers to dump cash. What starts as a trickle accelerates into an unstoppable torrent of savings pouring into circulation.

The unusual problem we now have is that after using cash rescues to protect the overcapacity in our economies we are not going to be able to create normal, controllable, supply-shortage inflation. It's increasingly likely that the only style of modest price rises which the central banks can engineer will be the trickle which precedes a hyper-inflation.

Indeed, what caused the Financial Times to wheel out the old "gold nuts" phraseology was the strange case of last week's bond markets. Bond prices - the best proxy for the future value of cash - were falling when they should have been rising. The markets are telling us that cash 10 years forward is becoming less valuable. This is a hint of savers losing faith in their currency.

And why wouldn't they? Their deposits will pay them no interest for the foreseeable future. Inflation and tax will eat into their savings. The economy looks mired in recession. Governments, which are now welcoming devaluations as a trade benefit, are deep in debt and are toying with hyper-inflationary policies like quantitative easing. It all points to the inflationary transfer of the government's enormous debt into plummeting values for depositors' cash and investors' bonds.

An insight - courtesy of Bill Bonner - suggests what

could soon happen. There is an \$11 trillion bond mountain, which is \$96,000 of issued US Dollar bonds per US family. With total federal obligations now reaching above \$63 trillion, this is the polar icecap of contemporary finance, and it holds the bulk of the savings of two generations, all denominated in dollars which are frozen solid until their redemption date. If the Fed gets what it wants, then a modest dose of inflation now will forestall a depression. But inflation will heat that icecap and make the bond market more jittery, and at exactly this point the Fed says it will reverse its QE policy and sell bonds back into the market, because this is how it plans to get cash back out of circulation to control the inflation it has created.

Choose your poison: The trickle of excess QE cash or the trickle of excess bond redemptions, both in a world of over-supply. It seems all roads lead to inflation. Don't assume it will be the manageable kind.

Kind regards,
Paul Tustain
Director, BullionVault

See the Latest Gold Price in Dollars, Euros or Pounds:
<http://www.bullionvault.com/gold-price-chart.do>

Log In to Your Account:
http://www.bullionvault.com/secure/main_frame.do

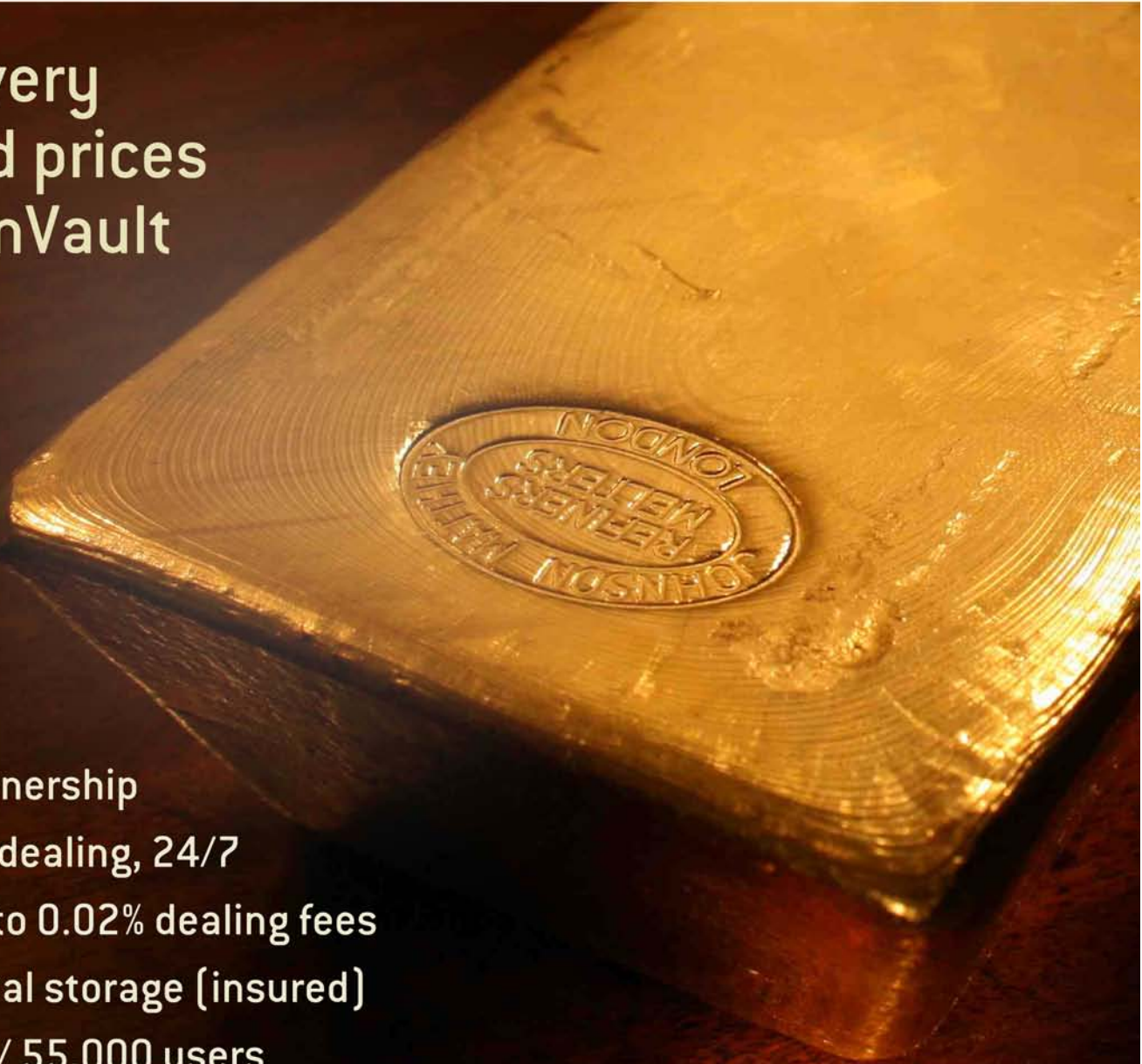
View the Complete Tariff of BullionVault Fees:
<http://www.bullionvault.com/help/tariff.html>

Risk Warning: Investment 'experts' are frequently wrong. Markets are confusing places reflecting thousands of opposing views. This email contains opinion about future market moves, and these are inherently unpredictable. Everything written here is fallible. Gold prices may go down, and may go up. This email encourages you to think and act for yourself. Only you can accept responsibility for your investment or dis-investment actions which might follow.

For more information on BullionVault, please visit their web site or see the DGCmagazine interview with Mr. Tustain in our past March 2008 Issue.
<http://www.dgcmagazine.com/BackIssue-html-pages/DGC-Magazine-2008-March.htm>

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INTERVIEW: COMMERCE GOLD

C-GOLD.COM

This is a detailed interview with Robert, the creator of Commerce Gold (c-gold.com)

What is your position at Commerce Gold?

Founder and Managing Director, with view to retain the chairmanship once I hand the reins to a professional CEO in a couple of years.

When did c-gold open it's doors?

Officially on 4 July, 2007.

Can I buy physical gold from Commerce?

Not directly, no. We don't buy, sell or exchange anything. Our job is to ensure secure storage of the gold and to provide the c-gold.com platform. Everything else is up to merchants and users.

Is c-gold considered a Digital Gold Currency? Are the digital units 100% backed by gold?

No, I don't consider it a currency, as much as I see it as actual gold. That means that we don't consider it digital units for something backed by gold, but instead as a digital expression of the actual gold.

Thus, the amount of gold in storage is at all times exactly the amount expressed digitally, if you will.

Are all transactions final and not reversible?

Yes. In fact, our proprietary system specifically has no facility for reversing, canceling, or deleting transactions. Nor can we make any changes in customer accounts, delete accounts, etc.

Our own support staff and even the compliance officer have "read-only" access and there is no "edit" function. This is to protect customers against us, and against someone taking staff hostage and holding a gun to their head.

For each transaction, sending digital gold from one account to another, there is a small transaction fee. Who pays that fee the sender or the receiver?

The recipient.

Do you still vault gold at a location in Penang, Malaysia?

It is stored by a private contractor in Penang, Malaysia, yes.

Why did you create Commerce Gold?

8 § DGC Magazine June 2009 Issue

I have always been a believer - and fervent supporter - of the e-gold system. In fact, our hosting and domain businesses were for a very, very long time the last merchants that still accepted e-gold payments, because we believe in the system. Learning from their mistakes and putting together a platform for users in other countries was the logical next step, when American-centric online services had outlived their usefulness.

Of course, there was also the issue that an oncoming crisis of epic proportions was drawing closer, and that millions of scared, unhappy people would run around in circles, searching for a way to preserve whatever wealth they had left - and have a way to use that wealth for commerce.

What advantages does C-gold offer clients over conventional banking or credit cards?

Given that our target market are up-and-coming developing nations, c-gold is typically the most reliable (and easiest to add) alternative for merchants who want to go beyond the limits imposed by only using a local bank in their country.

Furthermore, the costs of using c-gold (end-to-end) are typically lower than using international bank wires, let alone the up front and operating costs of using credit card merchant accounts in the countries where online merchants can actually get them. So, c-gold is cheaper, easier to implement, and much faster than any offline or traditional service alternative.

What are the three top benefits to having a c-gold account?

1. Cheaper than Banks.
2. Quicker / Easier than Banks
3. Safer than Banks.

And that doesn't even account for the facts that one doesn't need multiple currency accounts, doesn't need to fear inflation, and that c-gold can't ever have a liquidity problem.

What is the smallest amount of digital gold that I could send to another user?

0.0004g

As a consumer, buying and selling merchandise online, what can c-gold do for me?

We can provide the platform to send and receive gold as payments in a quick, secure and convenient manner.

Is there an difference between a personal c-gold account and a c-gold merchant account?

No. Any verified user account can be used as a merchant

account.

If I wanted to sell products from my web and add a 'Pay me with c-gold' button for each item is that possible?

Yes. That can be done easily using the Click-to-Pay URL system.

Does c-gold offer a shopping cart or cart integration?

Our "click-to-pay" interface can be integrated into shopping carts.

As an online merchant, how long would it take for me to add c-gold as a payment method to my web site?

Depending on your coding abilities and the range of products and services you are offering, maybe 5-10 minutes.

How much can a c-gold merchant expect to save in fees over using a credit card merchant account?

Well, firstly there are no up front costs, and no complicated coding requirements. Then there is the fact that our fee of 1% tops out at 0.05g or about \$1.50 at current rates. That means that once a transaction exceeds 5.00g or \$150.00 the fee will always remain the same 0.05g. Compare that to the 3 - 12% charged by credit card processors and other online providers, and you'll save at least two thirds, but most probably much more.

E-gold was one of the most successful operations in the past decade. Their web site offered a ton of statistics like amount of gold grams on deposit, number of transactions, velocity of spends and more. Does c-gold offer similar stats?

(c-gold Statistics)

<https://c-gold.com/stats.php> shows the activities during the last 24 hours, as well as total number of accounts, active accounts, gold stored, etc.

(c-gold Holdings)

<https://c-gold.com/holdings.php> shows the actual serial numbers and origin of hallmarked bars in storage. c-gold is the first and only to actually do that, and we can supply the purchase receipts for each of them. On an aside, the Malaysian storage provider has to actually account for the gold in their audited annual returns to the Malaysian tax department.

(c-gold Exchange Rates)

<https://c-gold.com/exchange.php> shows the price of gold grams in a number of local fiat currencies

<https://c-gold.com> appears to be your main web site address. What is the domain <https://c-goldpay.com/> ?



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(c-gold Statistics) Shows the activities during the last 24 hours, as well as total number of accounts, active accounts, gold stored, etc. <https://c-gold.com/stats.php>

The screenshot shows the 'c-gold Statistics' website. At the top, there are navigation links: Home, Access Account, Compliance, About Us, Terms of Use, FAQ, Fraud, Contact, and a language dropdown set to English. Below the navigation are several icons representing different services: EXCHANGE RATES, STATISTICS (trades, spends, totals), HOLDINGS (coins, specie, bars), and MERCHANT INDEX. There are also security indicators for 128bit SSL and the c-gold Statistics logo. The main content area displays the following information:

This report shows statistics for the c-gold system as of: 2-Jun-2009 15:36:32 PM GMT

c-gold System Activity in the Past 24 hours				
New Accounts	Users Accessing Accounts	Number of Transactions	Transaction Total (G)	
23	132	145	2560.007	

c-gold System Totals		
Number of Accounts	Number of Funded Accounts	c-gold in circulation (G)
22719	6209	55878.0000

Is this a phishing web site?

It is a gateway domain that helps with load balancing. We announce gateways in our forum whenever the load on the main domain is leading to prolonged time outs and delays. The important thing about gateways is that they always use the c-gold.com SSL certificate. So, to avoid getting phished, always check that the certificate comes from c-gold.com

Has c-gold ever been hit with a DDOS attack?

Yes.

For consumers, what is the benefit of me having a local office of Commerce Gold?

The ability to make bailments on the spot, and at a later point, as part of our longer-term strategy, to collect merchandise they ordered from c-gold merchants. I can't give you too many details about that just yet, but think mail order catalogue from global suppliers to global buyers.

As an expert in this industry for many years, where do you see an expanding customer base? What areas of the world or age groups (demographic) etc?

We have high hopes for China, Southeast Asia, the Middle East and Africa, especially. But as government policies seem to be hell bent to sink their respective economies in the West, it looks as if we might end up with substantial growth through virtual economic refugees in

those countries, as well. Basically, we expect a grass-root explosion of small businesses once the current crisis gets deeper, and large numbers of people who by then have lost their trust in legal tenders and are looking for alternatives. When that happens, then c-gold is the logical (only?) path for expansion of localized barter swapping, which typically replaces paper money in the midst of a severe crisis.

How many Commerce Gold shops (independent franchisees) does c-gold have around the globe? Can you tell us where they are located?

We have two types of franchisees. The first is language based and encompasses all countries and territories in which a particular language is the main tongue. The second is country based, and is meant for countries that use English as their primary (official) language.


Currently we have French, German, Spanish, Russian, Farsi, Arabic and Indonesian, as well as our first country franchise in Nigeria. We are talking to interested parties for Mandarin (Chinese), Japanese and Korean, and for India and Canada for country franchises.

However, none of them have opened a store front as yet, because the current economic situation - and the legislative environment in some countries - does not yet warrant the outlay. After all, a shop front requires more than a location and a desk. Think assaying equipment


Real Transparency in a DGC. This is the c-gold Holdings page for June 2, 2009.(partial) You can see the exact number of bars of being held at c-gold including their hallmark, serial numbers, weight and purity. Our graphic is a partial list, the actual page is a lot longer on the web site. <https://c-gold.com/holdings.php>

CG c-gold Holdings
+


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EXCHANGE RATES
\$




STATISTICS
trades spends totals



HOLDINGS
coins specie bars




MERCHANT INDEX

128bit  SSL

c-gold Holdings

(as of: 2-Jun-2009 15:17:01 PM GMT)



- This is a real-time utility which calculates and displays the total quantity of **c-gold** in all c-gold accounts and total physical bullion backing the currency.
- All weights displayed are fine weight.

c-gold Balance Summary

Total c-gold in Circulation	Physical Gold Bullion Held
55878.0000 (G)	55878.0000 (G)

Physical Bullion Holdings Composition

Item	Type	Mark	Serial Number	Purity	Fine Weight (G)
82)	Coins	GLD Kruegerrand	DCP 203018	.999	778.0000
81)	Bar	UBS Switzerland	A68519	.999	1000.0000
80)	Bar	UBS Switzerland	A68522	.999	1000.0000
78)	Bar	UBS Switzerland	A68516	.999	1000.0000
77)	Bar	UBS Switzerland	A68515	.999	1000.0000
76)	Bar	UBS Switzerland	A68511	.999	1000.0000
75)	Bar	UBS Switzerland	A68512	.999	1000.0000
74)	Bar	UBS Switzerland	A68517	.999	1000.0000
72)	Bar	LS Nikko	08073W1490	.999	1000.0000
71)	Bar	Logam Mulia	ABI 172	.999	1000.0000
70)	Bar	Logam Mulia	ABI 936	.999	1000.0000
69)	Bar	Logam Mulia	ABI 954	.999	1000.0000
68)	Bar	Logam Mulia	ABI 942	.999	1000.0000
67)	Bar	Logam Mulia	ABI 910	.999	1000.0000
66)	Bar	Logam Mulia	ABI 958	.999	1000.0000
65)	Bar	Logam Mulia	ABJ 178	.999	1000.0000
64)	Bar	LS Nikko	07093W1913	.999	1000.0000
63)	Bar	LS Nikko	07092W1381	.999	1000.0000
62)	Bar	LS Nikko	07093W2163	.999	1000.0000
61)	Bar	LS Nikko	07093W2165	.999	1000.0000

and training, storage facility, security, etc.

How do I become a Franchisee and what does that mean?

Franchisees, while running their businesses independently, do become c-gold's exclusive go-to venture in their respective territories. They provide customer support to the users in their area, have the exclusive rights to open shops, appoint sub-franchisees, and are the only ones that can accept bailments and facilitate redemptions. Exchangers and merchants located within a franchise territory are also held to deal with the respective franchisee, rather than with us.

On the direct benefit side, franchisees earn up to 70% of all transaction fees, and can set their own bailment and redemption fees, trade with exchangers, etc. (depending on their location and applicable laws).

Becoming a franchisee is straight forward and fairly easy - for qualified individuals. But we do vet applicants, and may require a bond to be bailed into c-gold, in addition to charging a once-only franchise fee (which depends on the country and potential market size). We also provide training in combating fraud, verification procedures, AML systems, etc.

Multiple Choice - Has the number of c-gold customer holding accounts grown:

(A) Much faster than we expected. We are very excited about the future.

(B) Growth has been slow and has currently leveled off.

(C) There is not way to know whether our growth is fast or slow, there are no other companies like ours for a proper comparison.

(D) None of your business, stop asking me such questions :-)

(insert) E-- Slower than expected initially, but nevertheless the number is growing steadily, and our ratio of account opening to account usage is an amazing 3.5 : 1 I believe that c-gold is the first to achieve anywhere near that ratio.

Would you permit the funding of an account with gold Dinars?

Do you mean the Dinar gold coins (yes), or the e-dinar gold-backed currency (no)?

Where do you see the price of gold moving to in the next 2-3 years?

Price of gold? You mean the barter value of gold in return for other items of tangible value? Well, that will probably remain very much the same for the foreseeable future. After all, in terms of gold, the average home price hasn't changed much for the past 100+ years. Nor have the

cost of a barrel of oil, a decent three-piece suit, a good dinner for two with wine, etc. There are occasional spikes in which gold rises or falls slower than the cost of other items in fiat currency terms, but these are typically short lived.

If you want me to predict the Dollar value of gold, well, I'm no prophet or oracle, but, based on past data, I'd expect gold to rise after a brief correction next month, and then continue to rise until the crisis is over and equilibrium is reached between the price of gold and the price of consumer items.

If I want to withdraw a kilo of gold from my account, can you ship it to me outside of Malaysia?

We don't ship anything. But, you can contact a shipping company, have them pick up and sign for a bar, and have it delivered to you, provided this is allowable in your country of residence, of course.

Does c-gold offer digital silver or digital platinum?

No.

What locations can I visit if I want to add gold bullion to my c-gold account?

The primary storage facility in Penang, Malaysia. Tuesdays and Thursdays 2:00 - 4:00 PM, by appointment.

Two of the franchisees are also preparing to accept direct bailments, but the locations of their facilities are yet to be announced.

I have three kilos of gold in my briefcase today, if I was local and wanted to deposit that to my c-gold account, what would I have to do?

Call ahead, drop by (bring two pieces of ID), drop them off, wait for preliminary assaying. Then you get a receipt and a bit later the kilos appear as bailments in your verified account.

If I want to redeem digital gold and pick up physical gold at your office, is there a minimum amount for this transaction?

Yes. You can currently only redeem kilo bars. Smaller amounts will become available when we start making our own pieces.

Can I pick up one or two ounces?

Never in ounces. Commerce Gold pieces will be Gram-denominated (10, 25, 50, 100, 500)

Are there any c-gold merchants today that would deliver a small amount of gold to me via snail mail and accept c-gold grams?

Not that I know of, but I'm sure if you'd make it worth their while that someone might rise to the occasion.



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If I have questions or comments about c-gold can I post them and get a response from your forum?

<http://www.c-gold.ws/>

Absolutely. The Forum is especially meant as a source of information and a means for users to communicate with each other, as well as a platform for us to stay in touch with users if there ever is a problem with the c-gold platform. That is also why we chose an external provider to host the forum.

Smart people have been parking their money in digital gold and silver to avoid losing value as they would if the money was in a bank. GoldMoney is not yet widely used for commerce, in fact I think c-gold has more merchants.

GoldMoney is targeting a different user base and has different revenue models to c-gold. While we do have quite a few users who use their c-gold accounts as a cheap and convenient way to store gold, which we certainly welcome, our primary target market are merchants and their customers. And yes, c-gold has more merchants than any other value-based platform online today. In fact, we had more reputable exchangers adopting c-gold within the first month of our opening, than any other provider in the history of the industry.

Multiple Choice:

I know the 'c' stands for 'commerce' but was c-gold originally set up to facilitate:

- (A) Online consumer/merchant sales transactions?**
- (B) Easy and inexpensive online fund transfers around the globe?**
- (C) An easy way to accumulate wealth and save money using gold?**
- (D) All of the above?**
- (E) None of the above?**

[F] = A&C with the qualification that our merchant/consumer-centric strategy encompasses offline merchants, as much, if not in fact more, than online ones.

Where do you get your daily spot prices from?

We have a triple-tier, starting with DGCSC.org, failing which Kitco.com, failing which there is an interface for uploading rates from external sources (in case there is a web outage and we have to work with email, text messages, etc.)

Does c-gold have a referral or program so I could earn some gold referring new customers?

Yes. Referrers can earn up to 20% of all transaction fees generated from users they referred.

Are there any monthly fees for a c-gold account?

There is an annual storage fee of 1% of the gold stored. This is being charged as 1/12th of 1% on a monthly basis. Meaning, 0.0833% of the gold stored during the preceding month is charged at the end of each month. This fee is actually about the same amount we are paying the storage provider. Which probably explains why we target merchants and their customers, as we generate our income from the transaction fees.

If I wanted to start accepting c-gold as a payment method from customers, is there a lengthy merchant account and acceptance procedure like a credit card merchant? Does my business need to go through a credit check when opening a c-gold account?

No. Apply for a c-gold account. Upload your ID. Integrate c-gold payments into your online platform (or use click-to-pay URL links). Done.



Gold-Pay.com

- Immediate payment no waiting for checks to clear or credits to be made.
- Low fees lower than credit cards or competing payment services, with no chargebacks
- Payment gateway makes it easy to accept Gold-Pay on any website.
- Secure, user friendly access to your account.

<https://www.gold-pay.com>

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Notes:

- Exchange rates are provided strictly for User's convenience.
- Exchange rates are for gold expressed in terms of various currency units (ie. 31.58 USD per gram (G)).
- Commerce Gold does not warrant the accuracy of this data.
- c-gold is accounted by weight of metal, not USD or any other National Currency unit.
- **c-gold fees** are not related to these exchange rates. They are published on the [fees page](#).

(rates last updated: 2009-06-02 16:42:16)

National Currency		gold (G)
ARS	Argentine Peso	99.44
AUD	Australian Dollar	38.54
BRL	Brazilian Real	61.03
CAD	Canadian Dollar	34.18
CHF	Swiss Franc	33.51
CNY	Chinese Yuan Renminbi	215.40
COP	Colombian Peso	68902.63
EUR	Euro	22.09
GBP	Pound Sterling	19.06
HKD	Hong Kong Dollar	244.76
IDR	Indonesian Rupiah	324547.66
INR	Indian Rupee	1480.71
JPY	Japanese Yen	3022.06
KWD	Kuwaiti Dinar	8.60
MXN	Mexican Peso	419.74
MYR	Malaysian Ringgit	110.34
NZD	New Zealand Dollar	48.86
PHP	Philippine Peso	1497.22
RUR	Russian Rouble	965.34
SEK	Swedish Krona	240.27
SGD	Singapore Dollar	45.62
TRL	Turkish Lira	42378297.72
USD	United States Dollar	31.58
VUV	Vanuatu Vatu	3476.79
ZAR	South African Rand	253.43
Exchange rates periodically retrieved from DGCSC.ORG		gold (G)

DGC accounts are denominated by weight in grams.

As an example if you log into your c-gold account you will not see a \$94.74 dollar balance, you will see 3.000 grams. (USD x 31.58 per gram)

C-gold makes it easy to convert your gram weight into any of these currencies at any time.

If someone pays you €100 euro, your c-gold balance would increase by 4.5269 grams.

There is a second-tier requirement to become an approved exchanger listed in our merchants index, but even that is a very simple and straight forward procedure. If you have a registered business or company, then there are additional verification requirements (copy of registration, letter of authorization from the board for the person responsible for operating the account). But that is all. No credit checks, bank references, etc. are needed.

Is there a fee for setting up a c-gold account as a merchant?

No. Every verified user account IS a merchant account.

Does c-gold offer mobile access, can I log on with my cell phone?

Depending on your cell phone and service provider you should be able to access the normal website on your cell phone. We decided to forgo a specific cell phone / wap access option, because we considered the technology obsolete - which in Asia it very much is. Most phones here are G3 ready and all access providers offer full "always-on" Internet access. I believe that the situation is similar in Europe by now.

I'm really impressed with the number of exchangers and merchants listed in your online directory (<http://c-gold.biz/>)

How many independent exchangers do you have handling c-gold around the world?

There are around 50 independent exchangers, some 30 of which are approved for listings in the merchants index.

For people reading this article and want to try out a new Commerce Gold account today, what personal information, documents or ID will they need to get

started?

None. Accounts can be opened for test purposes with disclosure of true and correct name and address details and a working email account. The account can then be used for a few transactions before ID and proof of address must be uploaded. This is meant to give people the chance to become comfortable with the system before having to trust us with their credentials. However, if compliance feels that a name and/or address are bogus, they'll change the passphrase and demand ID right away.

Both PayPal and Moneybookers accounts, which accept credit cards, have limits on how much a user can send or transact through their account. Are there any monthly limits on the funding amounts or number of transactions for a c-gold account?

No, there are no limits for verified accounts, but compliance will scrutinize high volume accounts more closely and might request additional information on a case-by-case basis. We are trying to balance security and protection with ease of use and customer comfort as much as possible.

How much gold to you have on you right now?

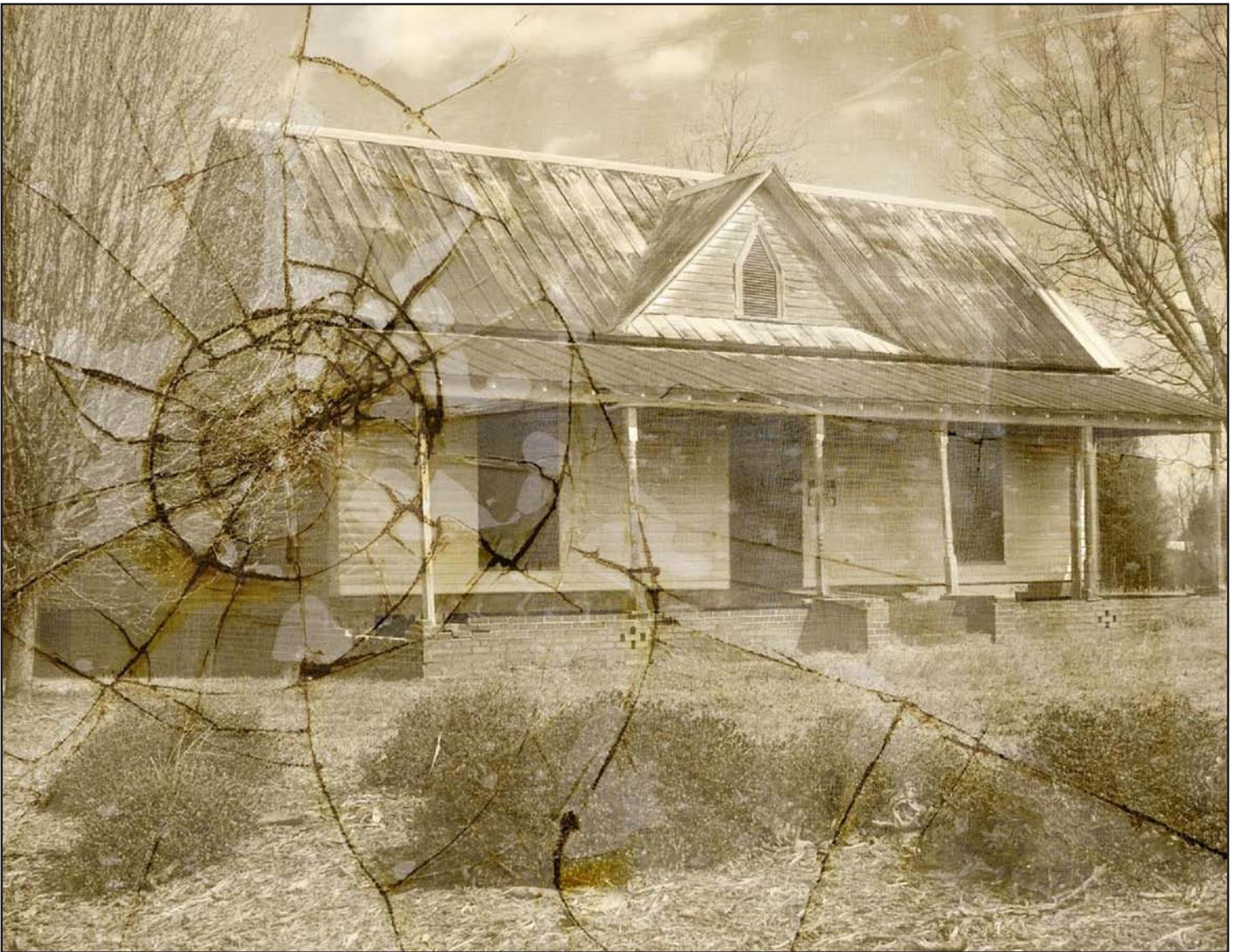
Just enough to be taken serious by Chinese business men ;o)

I'd like to thank Robert for taking time to answer my questions.

Mark Herpel

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WHAT THE HELL HAPPENED?

By Claire Wolfe

Once again reporting from the near future ...

That WTF expression is what I'll always remember. First, last and always, it's the one huge impression of my visit to the United States.

To be more polite I'll call it that "what the hell happened" look. Either way, you know what I'm talking about. It's the thousand-yard stare of an exhausted soldier, that gobsmacked dismay of an adolescent boy who's learned that the pure idol of his heart is actually the school slut, the stunned shock of a homeowner who's just opened her property tax assessment and discovered that the taxocrats imagine she lives in a palace.

That's how Americans look as they cope with the daily madness of hyperinflation.

The U.S. was my home once. But now I live on Gold Island, 18 § DGC Magazine June 2009 Issue

that marvelous manmade floating edifice dedicated to the precious metals trade. Until Our Esteemed Editor Mark Herpel twisted my arm, I hadn't been back to the U.S. in five years and didn't have any intention of going. Not ever again. But Mark said something about wanting a story about the human side of hyperinflation. And then he said something about a raise. And all expenses paid. And a side trip to the Caribbean afterward.

So I finally said well okay. Maybe. And Mark said, "Including a hotel on the beach and a massage every day by a 25-year-old stud muffin." And with the prospect of that reward, I was willing, once again, to face my poor old homeland.

I told Fareed -- aka Mr. Boss at the Shoppe & Au, the Gold Island souvenir emporium where I sell gold, silver, and platinum do-dads to tourists -- that there'd been a death in the family. And I headed for Hometown, USA.

In a way that "death in the family" line was true. If

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Americans are my extended family, they sure do act as if there's been a tragedy. Right from the moment I landed at Hometown International Airport, I noticed that look. It's the look of somebody who's been betrayed but hasn't yet contemplated the pleasure of revenge. The look of somebody who just learned what the con artist really meant when he said, "Trust me." The look of somebody who ought to be saying (but isn't quite ready to say), "How could they have been so stupid -- and how could I?"

Still, if you don't happen to observe those stunned faces, and the presence of an awful lot of police and soldiers on the streets, at first everything seems normal. Almost. The airport shops bustle along -- those that survived the crash and deflation before the dollar went hyper. Drive away from the airport and the Wal-Marts and grocery stores seem to be doing a land-office business, too -- in between the boarded up computer dealers, car lots, regional banks, and home-improvement stores.

Yes, Americans are spending again, just as their politicians hoped when they started their "stimulus programs" and "quantitative easing."

Well, they're not spending in quite the way the pols hoped. In fact, what they're doing is trying to get rid of money as fast as they can.

The friend who picked me up needed to stop at a Wal-Mart on the way home. That's when I got my first look at the underlying weirdness. We got there right before the twice-daily price adjustment. Yes, twice daily, just like the Germans did during the 1923 inflation in the Weimar Republic; only then -- irony of ironies -- the financially whipped Germans were measuring their Deutschmark against a stable U.S. dollar.

Some shelves were brim full; others empty. But customers (now looking exactly like the government always thought of them -- a swarm of locust-like consumers) were snatching what they could and racing to the checkout stands. Lines were long. Faces twisted with anxiety and greed. As the clock pulsed its way toward the 1:00 p.m. witching hour, those still stuck behind shoppers with heaping baskets began to get pushy. Literally pushy. At one checkstand, shoving erupted into shouting, shouting into shoving, shoving into hair-pulling and crotch kicking. Cops -- not overage security guards, but real city cops and National Guard soldiers -- broke it up and hauled the miscreants away. But the fracas meant that nobody in that line made it to the cash register before the

prices went up.

1:00 p.m. The lighted board at the front of the store ticked more value away the dollar and gave a little -- no, a lot -- more to the Swiss Franc, the Euro, the Khaleeji, and gold. The registers automatically reset every price in the store upward. Customers who missed the 1:00 p.m. mark sighed, grumbled, and stayed in line.

What else could they do? If they waited another day to buy what they needed, the bag of pasta they hoped for today might cost ten times more in the morning.

My friend Ragnar and I were among those who didn't make it. But he was philosophical. "I've seen worse," he shrugged. Besides, he's among the lucky guys who gets paid twice a day. And he has a tidy stash of silver and gold coins, purchased long ago. He can afford both philosophy and bread.

And, as it turns out, gasoline.

Shuttered gas stations line the roadways. For that, Americans can thank the government's attempt to fix prices of "essential goods" at less inflationary levels. Licensed, "official" businesses selling fuel, bread, medicines, and other "musts" of life either went out of business, went underground, or put up with the daily routine of running out as soon as supplies arrived.

Oh, but you can still get gas, if you know how. Off on the side streets and in the empty parking lots, just watch for the unmarked tanker trucks or the pickups with the big plastic tanks in the bed. Pay your trillions -- or better yet, your silver ounces -- and you're ready to make it another 300 miles.

But talk about man's inhumanity to man! Here's something that happened while I was in the states. A freaked out businessman announced to the media that he was going to commit suicide in front of the Capitol in Sacramento, California, at a certain day and time in protest over high prices and government botches. The media showed up. So did the man -- toting a gallon of gasoline to set himself on fire with. So did cops. They hauled the man off to an unknown fate.

A lot of people called the TV and radio stations after that, wondering what happened. No, not what happened to the distraught man. They wanted to know what happened to the precious gallon of gas! 1

It's funny. After the crash of 2009-2010, people began saving again for the first time in decades. They saved through the following deflation (much to the despair of economists, who claimed that our failure to spend was causing the deflation). Even when inflation began creeping into double digits -- 10%, 12%, 17%, even 25% -- for a while people kept on saving, economizing, and reducing consumption. They were scared, cautious. If bread cost too much, they ate rice. If new cars went out of reach, they bought used. They re-learned Grandma's old maxim about using things up, wearing them out, making do, or doing without.

But when inflation headed for the 30% mark, they finally figured it out: It wasn't just this price or that one rising. Everything was going up. Because money -- including the money they'd so carefully set aside for a rainy day -- was going down. That's when they began to spend, spend, spend. They spent like drunken sailors who've found winning lottery tickets lying in the street. They now spend as if there was no tomorrow.

Those who can spend, that is. Not everybody's able.

That's another thing you notice. Beggars on the streets. They're everywhere, even in the nicest of neighborhoods. Or you'll see raggedy men and women going door-to-door, not asking for handouts, but for work and food, just as men did back in Granny's day in the First Great Depression.

There are other sufferers you don't notice as easily: poor people shut up in their houses with the lights and heat off because they can't afford such luxuries any more. While the federal government does its best to keep promises it made to social security recipients (those promises being a prime reason nobody dares halt the endless creation of money), plenty of others suffer: the poorest poor who had nothing in the first place, the working poor whose wages don't keep up with price increases, the old men whose private pensions first got clobbered by Wall Street and then by the Big Inflation. And on and on.

By the time the federal government actually got around to confiscating private pensions ("for the duration of the emergency"), they weren't worth a damn, anyway.

Last November, 87 patients died in a state-run psychiatric hospital because there was no money for food, heat, or medicine.² The news media blamed corrupt and greedy management. The truth was that, by the time the money allocated to the hospital actually made its way into the hands of those few dedicated managers who had stayed on duty, the hospital's entire

budget wasn't enough to buy a bottle of aspirin.

Blame, blame, blame, blame, blame! It's the only thing there's plenty of. Aside from the Usual Suspects of "greedy businessmen" and "corrupt management" we now blame the "hoarders" (whose property is confiscated as soon as they're discovered, creating another class of beggars). And of course, we blame the Arabs, the Chinese, the Europeans, the speculators, and in short everybody except those truly responsible for the problem.

You know who I'm talking about, don't you?

You thought it was bad in 2009 when the U.S. federal government was financing 50 percent of its operations through borrowing and money-printing? That was nothing. Eventually, only 5 percent ... then 1 percent, then merely some infinitely small percentage ... of U.S. government operations were funded through any form of "real" money, or anything that even made a good pretense of being an actual dollar. The rest ... just print those one-sided trillion-dollar notes, or enter more zeros into accounting systems.³

Still, you won't be surprised to learn that three classes of people really are doing well in this mess. One is black market speculators, both plain folks and experienced gangsters. They're making a mint -- and instantly converting it to offshore gold. (Yes, we happily deal with those honest businessmen on Gold Island; better than dealing with governments.) Another success story of the hyperinflation is purveyors of pleasure. Anybody who deals drugs, owns a bar, or runs a house of ill repute is doing well, because everybody who has a dime left over just wants to spend and forget, spend and forget.

The third class prospering in the chaos is people who get their income direct from the federal government. State and local government employees and contractors are suffering along with their fellow citizens (for a change). But if you've got a pipeline into the fedgov, you're doing okay. Here are some people who are happy, or at least getting along better than the rest: federal jailers; contractors building detention camps; executives running the nationalized auto companies and banks; soldiers; lobbyists; Washington, D.C. lawyers; federal bureaucrats; and of course, politicians. After all, politicians have to "save us from the emergency caused by greed," don't they? So it's in our best interest to see that they're well-fed and happy.

Oh yeah, there's a fourth class that are making out like literal bandits -- turning another class into beggars.

Those who owe have pretty much wiped out those who loaned.

That may sound good if you've got a grudge against, say, a credit-card issuer or mortgage lender or your rich mother-in-law. But nope. It's not good for anybody. The worst thing about hyperinflation is that it breaks society down from top to bottom. Between creditor and debtor, it breaks down all trust, all sense of mutual benefit.

Life -- all of it, but especially everything to do with buying, selling, getting, and lending -- is a lot like that moment in the Wal-Mart check-out line. It's all about what you can get, whom you can screw.

Nurses steal drugs from hospitals and sell them right on the street outside. Nobody does anything about it. Or, if they do, the nurses are just replaced the next day by larcenous med-techs or patients or doctors doing the same thing. Hijackers grab entire semi-trucks and the drivers just walk away, glad to have their lives. Shoplifting has gone through the roof, and all the surveillance cameras in the world can't stop it. Most of the cameras have been vandalized or stolen anyway.

But what's worse than those "illegal" thefts is the perfectly legal larceny that goes on every day, in a way that still appears perfectly civil and legitimate.

When money first went hyper, a lot of businesses tried to cope by requiring certain types of payment. One might demand only cash, knowing that in the time it took for a check or credit-card transaction to clear, they could lose 50 or even 90 percent on a transaction. Another might refuse to take dollars at all, requiring payment in silver or gold or Francs or Khaleeji or Euros (never mind that the Euro has serious troubles of its own) or even the once-lowly Canadian dollar or Mexican peso. Another might try to do business only in community currency. Or barter.

Then Congress stepped in (yes, "saving us" again) and decreed that all businesses must accept dollars, in all forms -- cash, check, credit card. So now you've got people looking store owners in the eye as they write checks -- knowing that by the time the checks clear, the money will only cover about 1/10 the value of the purchase.

And oh my, pity the poor business that depends on sending bills -- especially one whose prices are regulated by government! Here's an example: When the inflation first took off, my friend Ragnar was in the midst of some heavy-duty international transactions that required tons of phone time. The bill for his calls was \$5000. By the time the bill arrived several weeks

later, he could have paid that bill with the equivalent of one Swiss Franc. But the bill wasn't due for a week. So by the time Ragnar finally sent in his money, he paid about a rappen -- what Americans might call "one red cent" -- for all those calls. And by the time the money arrived at the local phone company, his payment was worth so little that the company didn't even bother cashing his check.⁴

So yeah, if you owe, it's great -- until the business you owe money to goes bankrupt. Until you need to make a big purchase and can't get a loan. Until one of your fellow citizens, now living only for the main chance, finds some way to take advantage of you and yours.

But if you're willing to go underground and be creative, you can do well -- genuinely well, not just screw-your-fellow-man well. I hear about little communities here and there, ones that started local currencies early and backed them with precious metals, where people are thriving and becoming more self sufficient. In those places, people still cooperate, still think of the future. Unfortunately, they're not the norm.

Ah, poor old America. My country. What's happened to you?

One thing's for sure. When hyperinflation happens, it happens fast. So fast that the grinding processes of law and regulation can't keep up. You wonder why government doesn't "do something about the problem"? But of course, government does. It flails. It postures. It decrees. It promises, bluffs, bullies, and threatens -- and goes on creating thin-air money because it doesn't dare halt. Hyperinflation is the only way to keep all those flaming swords of debts and political promises in the air.

In early June, the year this all began, the exchange rate between the U.S. dollar and the (now partly gold-backed) Swiss Franc was 1 franc = 1 million dollars. By late June 1 franc = 6.5 million USD. Two weeks later 1 franc = 37 million USD. By early August, one Swiss franc would buy you 800 million U.S. dollars (if you were really crazy enough to buy them). And that was only the beginning.

Now, they figure the exchange rate in trillions. And multi-trillions, at that. And they haven't yet even tried the trick of simply decreeing "new money" with fewer zeros. That'll be the next thing they try. And as usual, it won't accomplish a thing.

But there's a little good news, in a bad way.

Once hyperinflation kicks into gear, no amount of enforcement can keep up with every clever new form

of black market manipulation. The survival instincts of the people in every case outstrip the coping efforts of government at every level. And that's good. But it's not a pretty thing to see.

Another thing's for sure: hyperinflations burn themselves out quickly -- although it feels like forever when you're caught in the chaos. (My visit was only two weeks, but every hour I stayed I kept thinking that even the promise of a Caribbean beachfront and a stud-muffin massage wasn't enough reward for being in the midst of this.)

Hyperinflations can't last. They consume their fuel too rapidly. But when they pass, they leave not just money systems, but entire societies in wreckage. Germany got Hitler as a result. I wonder what these poor poor Americans, walking around with their WTF looks, will end up with.

Once upon a time, just four or five years ago, even after the crash and chaos of 2009 and 2010, if

Americans grasped the concept of hyperinflation at all, they "knew" it happened only in comic-book countries like Zimbabwe. Or already-ruined ones like Weimar Germany. They probably never even heard of the historic financial catastrophes in Yugoslavia, Argentina, China, or the Roman empire. If they had heard, they wouldn't have cared. They wouldn't have thought those disasters had anything to do with them or their ever-blessed land of prosperity.

Now they should know different. But as I looked and listened during my visit, I had the feeling most Americans still didn't really see. They were still waiting for rescue. Still waiting for the very people and institutions that caused the problem to rescue them.

They don't know that their fantasy land has dissolved into a poisonous mist, that their empire has already fallen, just like all that money that's drifting around them like ashes.

-- 30 --

Private Venture Gold Stock Exchange



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REGISTERED OWNERSHIP OF 400OZ GOLD BARS NOW AVAILABLE

8 April 2009 - GoldMoney is pleased to announce the launch of its Registered 400oz Gold Bar facility, which enables GoldMoney customers to record their direct ownership of one or more gold bars within GoldMoney.

To take advantage of this new facility, log into your Holding and select "Redeem Gold > Register 400oz Bars" from the menu of options. Provided you have a goldgram balance that is at least equal to the gram weight of the smallest gold bar stored for GoldMoney customers, you will be able to make your registration choice from a list of bars. You will be prompted to create a unique Registration ID that will be disclosed publicly on GoldMoney's website. The fee for registering a 400oz gold bar is only 1 goldgram. There is no fee when you de-register a bar, and no additional storage fees are charged during the time you hold a registered bar. Please see our Redeem Gold page for more information.

GOLDMONEY LAUNCHES GOLD BARS

London: 7 May 2009 - Customers of GoldMoney, the leading provider of digital gold currency payments and one of the world's foremost dealers in gold and silver bullion to retail investors, can now redeem and take physical delivery of their gold in convenient units of 100 gram or one kilo (1,000 gram) gold bars. Through partnership with Baird & Co, one of the leading bullion merchants and refiners in the UK, conversion of goldgrams into physical gold bars for insured mailing or collection may be completed at any time. ***"GoldMoney has always made it possible for customers to convert their goldgrams into 400 ounce gold bars; it is one of the foundations of the GoldMoney guarantee to its customers. Now the introduction of 100 gram and kilo bars makes it possible for a wider range of customers to take delivery of physical metal,"*** said GoldMoney founder, James Turk. ***"We are delighted to be working with GoldMoney on this exciting new venture,"*** said Baird & Co. founder, Tony Baird.

GoldMoney customers can open an account with as little as £10 and transfer funds to specially segregated customer funds accounts prior to placing a specific order for gold or silver. Orders and payments are made through a secure online system and processed by GoldMoney's servers, which record transactions and store currency and metal balances. All customer metals are insured and held in allocated storage in specialised bullion vaults in Zurich and London, and the metals are audited annually and reported to customers.

As of 7 May 2009, GoldMoney 100 gram and one kilo bars are only available to GoldMoney customers resident in the UK. We expect to make these bars available to all of our customers in June 2009 after the initial trial launch has been completed.

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About GoldMoney

GoldMoney, the inventor of digital gold currency, is combining 21st century technology with the world's oldest money - gold - to make the online purchase of gold and silver safe, convenient and economical. Not only is GoldMoney the fastest growing digital gold currency, it is also the largest. Its regular audits and governance procedures have set the industry standard. These advantages have made GoldMoney a world leader in the buying and selling of gold and silver bullion. Anyone can use GoldMoney to build their savings and secure their wealth by owning pure gold and silver that is insured and stored safely and conveniently for them in a specialised bullion vaults near London, England and Zurich, Switzerland. GoldMoney services can be accessed at GoldMoney.com.

ABOUT BAIRD & Co.

Baird & Co. Limited was established as a firm in 1967 dealing in numismatic gold coins of the world and moved towards volume dealing in bullion gold as government restrictions eased in the 1970s. Commercial refining of precious metals is now one of the cornerstones of the Baird & Co. operation, as the UK's largest gold refiner and leading producer of Precious Metal Investment Bars. Uniform and consistent hardness, dimensional accuracy and flawless surface are given maximum priority across all Baird & Co. production practices. In September 2000 Baird & Co. was accepted as a member of the London Bullion Market Association and as an associate member of the London Platinum and Palladium Market in April 2009. For more information, please visit Baird & Co. Limited.

AMERICAN OPEN CURRENCY STANDARD

AOCS

BARTERING WITH SILVER



Meet Mr. Rob Gray, he's the creator and operator of the American Open Currency Standard. The AOCS is an amazing new organization who's goal is to bring back real trading, assets for assets. Their tool to bring about this change is the one Troy ounce silver medallion or as it is sometimes called a 'round' bar. While the silver is round and looks similar to a coin, only the government has the right to create "coinage" these beautiful pieces might also be known as barter tokens.

Rob's web site makes a bold statement regarding the American financial system, "No one is going to fix this for you: it's time for you to do something about it." I agree.

In this statement lives the concept of privately issued money whether it's local currency, barter tokens or privately issued digital gold currency. These products all bring together like minded people and facilitate extraordinary trading opportunities. AOCS approved silver goes even one step further by offering standard universal silver unit for trade and also allowing anyone the option to create a unit with their own personal or corporate brand and logo. The open currency standard allows users to create their own private silver money which is easily exchangeable with other barter groups. One ounce of fine silver is equal to one ounce of fine silver, no matter who's brand appears on the bar.

In the last two years the U.S. money supply has more than doubled. The the government and the Federal Reserve have spent, lent or guaranteed \$12.8 trillion, an amount that approaches the value of everything produced in the country last year. That money works out to \$42,105 for every man, woman and child in the U.S. and 14 times the \$899.8 billion of currency in circulation.

No one in government is going to fix this problem for you! AOCS approved silver provides a private sound money platform for trade, savings and the accumulation of real wealth protected from inflation.

Here is my interview with Mr. Rob Gray.

26 § DGC Magazine June 2009 Issue

What is the American Open Currency Standard (AOCS) and how does the mission statement read?

The American Open Currency Standard exists to expedite the implementation of Silver as money. The AOCS is a temporary bridge between the world of government-imposed fiat currencies and a free market system where commodities and other stores of value are actively traded in the MarketPlace. It is our ultimate goal to see goods and services once again priced in ounces, grams or grains alongside variable “paper” prices. When this is true, we will know that our mission is successful.

When did the AOCS get started?

The concept for the AOCS was hatched in November of 2007 after an in-depth study of the Liberty Dollar model, its strengths and challenges. The AOCS has yet to officially “launch” with a nationwide PR campaign.

What’s Wrong with the U.S. Dollar?

Runaway government deficit spending has no oversight with a paper currency. The US dollar is no longer based on an amount of gold, but instead is created based on the production limitation of the fastest printing press.

From the AOCS web site, I read:

“At the present moment, the AOCS trade group exchanges a 1oz .999 fine silver piece at a value of “fifty”. This means a merchant is willing to exchange fifty dollars of goods or services for a 1oz AOCS round.”

How many merchants are trading now using AOCS approved metal?

Presently, Merchants are categorized by their acceptance of either “barter” or “AOCS Approved”.



Only a few thousand Merchants directly accept AOCS Approved Silver directly at their place of business, while the other Merchants accept payment in barter. We can actively trade with any “barter” Merchant

after converting our Silver one-to-one with the preferred barter currency.



Are the merchants also Liberty Dollar merchants?

A Merchant is invited to accept any currency they please. As the Liberty Dollar is presently trading a one ounce round for a value of “twenty”, I imagine most Merchants accepting AOCS Approved are also happy to accept Liberty Dollars. I do not think, however, that this works the same way in reverse, though I don’t know of any uniform centralized directory of Liberty Dollar merchants.

A lot of our readers support and use the Liberty Dollar. Is the AOCS sort of a clone of the LD organization with the sort of base changes in face value?

I describe the AOCS model as “the Liberty Dollar on steroids”. There are many similarities and a few significant differences between the two:

1. Both systems use the same formula to calculate valuation changes
2. AOCS Currencies do not “move down” in value
3. AOCS is a decentralized network, allowing anyone to create a Silver Currency. When they follow the 2 guidelines (use an approved Mint, and reference the current “Series C” valuation or no value and just a weight and purity), they may call their new Currency “AOCS Approved”. This eliminates any single point of failure in our system.
4. AOCS invites everyone to purchase our Currency at a discount, not just “Associates” or “RCO’s”. Our suggested retail price at the moment (increases June 15th) is market “ask” + 5.50 per 1oz proof-like medallion, minimum order of 20oz. Recently, LD updated this as well.

I have a multiple choice for you....are the AOCS

Complementary Currencies:

- **Legal Tender**
- **Lawful Tender**
- **Local Tender**
- **All of the above**
- **None of the above**

In my opinion, the best answer is “None of the above”. The closest match is Lawful Tender, as this begs the question of the inherent difference between legal and lawful. In my opinion, barter currency or private currency are a little closer to my belief.

What is an ‘AOCS Currency Officer’ and what makes up that job or what occurs in his daily AOCS business?

An AOCS Approved Currency Officer is our extension to the local community. Since this question was posed, the [OpenCurrency.com](http://www.opencurrency.com) page has been expanded to address this at <http://www.opencurrency.com/currency-officer.php> Essentially, it is up to the CO to expand our Merchant MarketPlace and facilitate exchanges with the public.

Are you planning any conventions or public events next year where like minded people could meet, trade and discuss the AOCS and sound money?

We are a platinum sponsor of “FreedomFest” in Las Vegas. Check out for details.
<http://www.freedomfest.com/exhibitors.htm>

There is a lot of excitement online about the Free Lakota Bank. Is it really a licensed bank?

No, the FLB is a private Silver and Gold depository.

What is the exact is the relationship between the Free Lakota Bank and the Republic of Lakotah?

There is no relationship.

Are these AOCS approved pieces one standard ounce or one Troy ounce?

Silver and Gold, as an industry standard, are measured in Troy. All AOCS Approved Silver and Gold coins are measured in Troy Ounces.

Is it possible for some person to just show up one day with their own 1 Troy ounce silver previously minted medallion and become and AOCS approved currency? How does a group or person get their own silver piece enlisted as one of the participating AOCS approved silver currencies?

The qualifications for calling your Silver currency “AOCS Approved” is as follows:

- Use an AOCS Approved Mint for blanking and final strike
- Reference the label “AOCS Approved”

- Use a face value that matches the current “Series C” valuation of “FIFTY” or have no face value, just a weight in oz or grams and purity, ie “1 oz .999 Fine Silver”

Anyone that produces a coin that meets these criteria is invited to call their Currency “AOCS Approved”. However, the AOCS reserves the right to choose which approved Currencies to list on the website. For example, we may choose that listing the “KKK” coin, should it ever come to existence, may not be in the spirit of our organization.

I know U.S. citizens (friends) who:

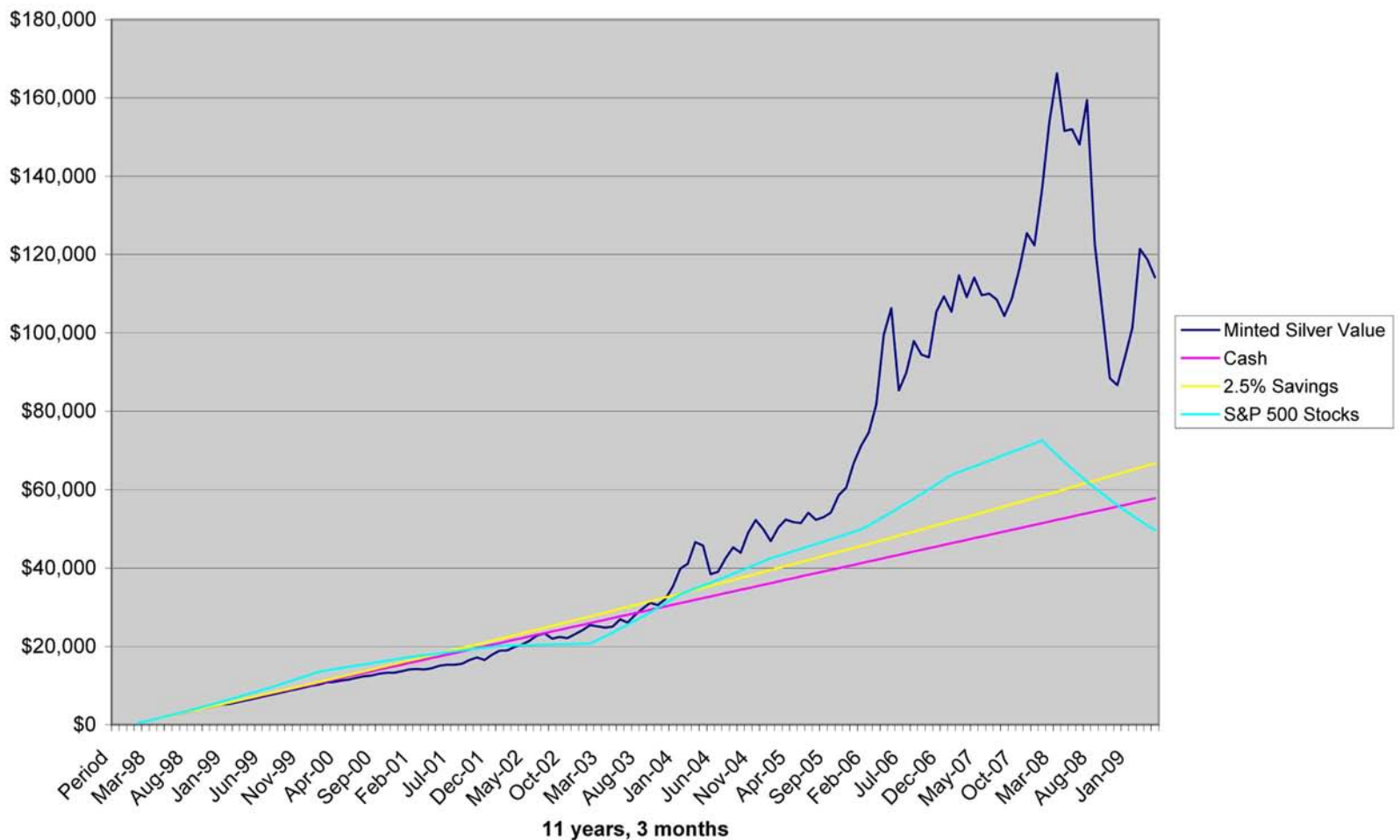
- **go to work each day**
- **have their paychecks automatically deposited in the local BoA**
- **use their credit cards to shop at Wal-Mart**
- **charge their gas purchased each week on plastic**
- **contribute to their retirement account**
- **have 2 happy children and a mortgage**

They have never invested in precious metal and never even considered using anything other than the good old U.S. Dollar. They often look at me as if I am a crazy person for extolling the benefits of real money.

As I understand it, these people are NOT your target market. Trying to convince someone from this type of lifestyle to also use silver as money...that’s very tough.



Savings Value over Time



Who do your products appeal to?

I strongly disagree. In fact, if we are to succeed at “waking up” the masses, we must create a product that appeals to them. My first shot is to show the attached chart (Savings.pdf on right). It demonstrates the value of a “savings account”, if you were to set aside \$100 per week over the last 11 years and 4 months (it goes back to Jan1’98). The 4 options are saving the \$100 as “cash under the mattress”, cash in a 2.5% savings bank account, a 401k or investment account that tracks the S&P 500, and purchasing \$100 of physical silver each week.

A standard question that comes up with this chart is “what about the big drop in silver’s value”. That can be credited to serious deflation, falling crude oil prices, and government manipulation in the metals market (rationing and other “paper” tricks).

I have faith in the masses. I don’t refer to them as “sheeple”. I believe they simply have yet to reach the critical point where reason and logic kick back in and they join the rest of the “well-informed citizenry”. Most change comes only after a certain level of pain is felt.

What group or groups of people are buying your

precious metal products and who is your target market?

Most buyers at the moment are private collectors and/or those that sympathize with the Revolution. We are rapidly expanding outside of that demographic with charities and other groups that benefit from the introduction of our silver Currency.

Do you have an additional digital system where silver backed AOCS units could be transferred instead of shipping the metal like e-AOCS.com ?

Yes, we are working on a system in conjunction with the Free Lakota Bank to handle electronic transactions. Further, we’re developing a central clearinghouse so that other groups can establish banks, and yet depositors can still send funds between various institutions.

I saw The Freedom Mint in the list of AOCS currencies. The Freedom Mint is the Gold and Silver custom minting arm of RestoreTheRepublic.com. I like their products. How is The Freedom Mint associated with the AOCS?

The Freedom Mint produces an AOCS Approved barter round.

With the seizure that occurred at the Liberty Dollar

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Unlike past projects with multi-billion-dollar price tags, where the "research" consisted purely of 3d renderings, Patri & Wayne have gotten some funding, written a 100+ page book (free online!), and designed a realistic path with small steps to get from the world we're in now to the one we all dream about.

We believe in dreaming big - and then transforming those dreams a reality.

<http://www.seasteading.org>

organization, their precious metal, minted medallions and die sets....don't you anticipate that the evil Federal Government will do the same to your network?

No, our goal is to operate "under the radar" for some time, and when we officially launch, it will happen with such force and magnitude that any government response will be futile. And you can tell them I said so.

Do you have a plan of action to avoid such a seizure issue and legal action?

First, we don't put the word "dollars" on our pieces. Simple, but it helps prevent confusion in the MarketPlace. Second, we encourage supporters to shop and circulate Silver in our private network, as opposed to the Liberty Dollar strategy of "doing the drop" and convincing/tricking the merchant to accept the silver under the auspices of the Federal Reserve. Finally, there is no single point of failure in our system, so one action would be unable to shut down our operation.

What is the Silver Buyers Club and can anyone join?

The Silver Buyer's Club is an invitation for groups and communities to aggregate purchasing power to decrease the premium when buying Silver. The more the group buys, the lower the price. SBC managers set the terms for participation, from a single ounce to 20oz minimums.

Is it possible, if I wanted you to create a medallion for my group with my custom design on it, can you arrange that for us?

Of course! Talk to Eddie Allen, International Currency Director for details at eddie@opencurrency.com.

I really admire your concept of sound money and I agree paper IS poverty just as Thomas Jefferson said but we are not yet a majority and credit card penetration in the United States is MASSIVE. How many 'members' or participants would you say the AOCS operation has right now?

Our group is quite small, and limited to a few thousand buyers at the moment. However, we project to have more than 250,000 Merchants world-wide and a BILLION in our economy by the end of 2009. Sound impossible? Time will tell!

Have you done any print advertising?

No, but will in conjunction with our official "launch".

We have some ideas for products and design. I might consider adding our products to your AOCS list of currencies. What are the requirements of the precious metal piece to become approved or integrated into the AOCS system?

Talk to Eddie and he'll set you up.

Can anyone join up and be included, how do I join?

Join...as a Currency Officer? Our present requirement is that you purchase 100oz of AOCS Approved Silver at spot + 4.50. Then, you may claim ownership of a City, and have 30 days to complete the objective required to manage the territory. David (david@opencurrency.com) will help you get going.

I know you were recently interviewed on the radio, what station was that and how was the interview?

It was on the Michael Badnarik "Lighting the Fires of Liberty" program on WTPRN.com. It may still be archived there.

A few years back in the New Hampshire State Legislature there was a Sound Money Bill asking for the use of Gold/Silver U.S. minted coins (or their digital equivalent) to be used in daily transactions for payables/receivables between it (the state) and the inhabitants and businesses in New Hampshire.

Do you favor this type of legal attempt to integrate real bullion into daily life with the U.S. Government's Federal Reserve banking system or is it more appropriate to simply create and use local and national private systems?

I am cautiously optimistic regarding these attempts. I am in favor of the concept, but am curious about needing a law to participate. For example, if I choose to accept payment in silver or gold, I may do so without the governments permission. Then, I may choose to liquidate some of my silver or gold so that I can pay my taxes. Again, I don't need the government to grant me permission to do so.

HOWEVER, if the government and its associated cartels become involved in this process, the forces placed upon the market will hurt those like me that want to be left alone. For example, if my taxes are payable in USD, and the state says "we'll accept gold at the market rate on the day your tax is due," what happens if the "market" price of gold drops through the floor on that very same day, in anticipation of this event? Sound strange?

So, just when the time comes to pay my tax, the value of my gold or silver mysteriously drops 10-20%. While those moves are not uncommon, it won't be hard to imagine the gov't could interfere with the marketplace to create a depression of metal value at the very same time I need to use it.

HOWEVER, this situation would be avoided if the gov't would quote taxes in silver or gold, so that the varied value won't matter when it comes time to pay. Essentially, my belief is that any proposed system that trades metal at "market value" will steal from those involved.



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I understand better than most, that business over the Internet does not require a big office and all the expenses which accompany that set up, but I could not find any street address or business type license anywhere on the web site.

Where is the AOCS located and do you have walk in offices?

The AOCS is run from my home office, and the home offices of the CO's across the country.

Do you offer a monthly nationwide newsletter or magazine which feature your merchants and users? Would you like one?

What a great idea. Bring it on.

On the Open Currency web site, there seems to be a merchant directory area but I could not access it. How do people get signed up to access this area?

It is available now to the public.

I have visited the NeoCoins web site <http://www.theneocoins.com/> and I had to laugh...what a concept! The 'Dick Cheney' is sure to be a real classic, that's Mr. Evil himself pictured right on the front. I understand why it's sold out. If I wanted to market these pieces through my network of web sites or publications, do you have an affiliate or referral program?

Also a great idea. I think one is established but not presently operational. I could use some web help to get it going!

How much silver do you have in your pocket right now?

I frequently carry 6 samples of AOCS Approved Currencies. My personal Silver collection is quite limited, as I use it to help fill orders. More will come!

I'd like to thank Rob for answering my questions and wish him the best of luck. I firmly believe that the country should permit the use of gold and silver alongside fiat money.

INTERVIEW BY MARK HERPEL

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

Who are we?

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

GOLD ANTI-TRUST ACTION COMMITTEE INC.

7 Villa Louisa Road, Manchester, Connecticut 06043-7541 USA

CPowell@GATA.org

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LIBERTY DOLLARS: AN INFLATIONARY TALE

by Derek Stovesand

<http://www.attributemagazine.com>

When you were fourteen-years old, a dollar easily bought you a Snickers and Coke—you may have even gotten change back. Today, that same buck gets you only halfway to that sugar fix. Of course, you say. Prices have gone up on everything we buy. More money is needed for clothes, for movie tickets, and still more for insurance and childcare. It's inflation. Most people will lament these climbing prices, badmouthing corporate greed or foreign trade policy, maybe, but then continue their spending habits.

Others, though, believe inflation is a brutal theft of purchasing power, stolen by a band of thieves that is kingpinned by the federal government, and don't want to sit idly by. And in this scenario, the government's stick-up weapon of choice is the Federal Reserve Act of 1913, which enables the U.S. Mint to print money on the whim of politicians and—perhaps ironically—outlaw competing forms of currency. The Act grates against treasured notions of free markets and individual rights; ideas of competition as the only just and true scale of worth. The National Organization to Repeal the Federal Reserve and Internal Revenue Codes [NORFED] was born of those beliefs, and represents those of a growing number of citizens shaking their heads—and a fist or two—at the way the government chooses to conduct its finances.

Bernard von NotHaus, founder of NORFED, is galvanized by these ideals and the conviction that the price hikes in these snack foods aren't due to an increase in the cost of syrup and carbonated water, or even that petroleum-based plastic bottle—but, rather, a debased Federal Reserve Note [FRN]; this country's legal tender. Von NotHaus, a passionate, outspoken, self-proclaimed monetary architect holds no degrees in economics or finance, but used a 25-year career in collector-coin minting in Hawaii as an education in money's history, principles and, of course, its flaws.

The example of those flaws that von NotHaus employs via his website libertydollar.org and viral promotional videos doesn't involve candy bars and soft drinks, but instead uses gas prices—two words that prick the ear of today's consumer. In 1947, gas was at a low price of \$0.23 per gallon; just shy of a quarter ounce of silver at the late-1940s rate. Last year, in 2008, that same amount of silver was selling for \$4.55, roughly the level

to which gas prices rose last summer. Looking at the price of gas in terms of silver rather than in FRNs, it is clear to some, because a quarter ounce of precious metal could buy you a gallon of gas sixty years ago and can do the same as today, that these metals are the only way to inflation-proof your wealth.

This represents the tenet in commodities markets—an economic truth, really—that when the dollar weakens, the value of gold and silver increases. The rise in price comes from a jump in demand as investors look to precious metals as a hedge against inflation. Usually, when the public buys these metals, it comes in the form of exchange-traded funds or derivatives, much like other commodities or stock purchases. In the same way you don't have to bear the burden of storing grain when you buy wheat futures, you do not hold bullion in your basement when investing in gold.

The Liberty Dollar

Von NotHaus believes he has created a way around that liquidity problem, and that's what makes his Liberty Dollar [LD] an intended currency, rather than simply an investment to protect wealth from losing its purchasing power. The LD is the result of von NotHaus' blood, sweat and literal interpretation of the U.S. Constitution. Each LD is a piece of precious metal—silver, copper or gold—minted with a beautiful design and denominated by weight and material. While the piece cannot legally be referred to as a coin, it clearly mimics the iconic traits of U.S. currency. The cherished word "Liberty" is emblazoned across much of the government's tender, just like many of the LDs. Even an unmistakably familiar "Trust in God" is found adjacent to an equally recognizable American symbol, such as Lady Liberty's torch, an eagle or elected official's image.

Von NotHaus seemingly sought similarity to legal tender, but strived for uniqueness when compared to other alternative, or competing, currencies. Unlike other means of barter currency, the LD is tied to the American unit of account—the dollar—by what von NotHaus calls the Nominal Face Value, or NFV. The NFV is determined by the spot value of silver or gold, plus a premium to account for the metals' day-to-day volatility (and von NotHaus' operating costs). With thresholds in place to shift the NFV, known as a Move

Up or Move Down, the LD's buying power moves with the market. For example, a recent spot price of silver was at \$14.86, and the NFV minted on both sides of the medallion is "\$20." This twenty-dollar base NFV was originally only ten. When the Move Up occurred, the "purchasing power" of the LD theoretically doubled, moving with the changing price of silver. This adaptability, von NotHaus claims, is a feat the FNR can't duplicate, thus dooming it to an inferior class of currency.

It makes for a compelling argument. The LD is indeed 100% silver or gold or copper and certainly holds an intrinsic value that has a history of remaining constant while the dollar flounders. And there is no article in The Constitution that prohibits a barter-and-trade market for private citizens—even for the eccentric Bernard von NotHouses of the country.

But there is a flipside to this coin---er,, numismatic medallion. While it is perfectly legitimate for private citizens to barter for goods and services using any medium upon which the consumer and vendor agree, the Federal Reserve Act gives the U.S. Mint the exclusive right to produce legal tender. And that is where the Liberty Dollar finds its opposition. What the FBI, U.S. Mint and Secret Service hold against it isn't the bartering—the tax codes allow for it—but it is von NotHaus' marketing and encouraged use of the LD: too close to the real thing.

If It Walks Like a Duck...

The view of inflation as theft and the U.S. government as kingpin lost its sense of caustic irony when the FBI simultaneously raided the Liberty Dollar headquarters in Evansville, Indiana and the Sunshine Mint in Coeur d'Alene, Idaho on the morning of November 14, 2007. The agents carted away the legally-purchased assets of private citizens; not just those of the Liberty Dollar organization.

The raid was authorized by a warrant granted by a U.S. Magistrate Judge in Ashville, North Carolina upon the submission of an affidavit by Special Agent Andrew F. Romagnuolo, or as von NotHaus not-so affectionately dubbed him, "Agent Andy." In the affidavit, Romagnuolo mentions money laundering, mail and wire fraud, and paints von NotHaus' marketing efforts and attempts to circulate LDs as a "scheme," citing a potential violation of federal law Title 18 U.S. Code, Section 486, which prohibits "any attempt to utter or pass any coins of gold or silver intended for use as current money except as authorized."

The seizure, the ensuing lawsuits and civil uproar can be reduced to a single, watershed verb in Section 486: Pass. The LD website offers a page wholly devoted to disavowing the silver and gold medallions as "coins," "tender" or "legal exchange currency," and instead boasts the generic terms "money," "currency" and "measure of value" to define the round pieces of precious metal. The Liberty Dollar Disclaimer reminds its users (and the federal government) that LDs are simply a means of voluntary barter; a right given by The Constitution and furiously protected (tested?) by von NotHaus. There is no attempt to "pass" these numismatic pieces as U.S. Mint-issue coins, he claims, clinging to the voluntary participation and other key word choices in the marketing materials offered to customers.

To the federal authorities, this is merely a semantic shell game. When glancing at the site and even the Disclaimer, the conspicuous verbiage reads, "IT'S REAL MONEY!" "IT'S SOUND!" "IT WORKS JUST LIKE U.S. DOLLARS!" "IT'S FREE MARKET CURRENCY!" And when associates and customers want to learn how to spend this "voluntary" currency, they are encouraged to use a cloudy—albeit technically honest—persuasive script, including a maneuver known as "The Drop" in which the consumer should let the silver round fall into the vendor's hand from "a couple inches above the outreached palm," so that the recipient can feel the weight and infer value.

Despite the harsh language in the affidavit, the dawn-breaking raid and warnings from the Fed, no charges or arrests have been made in connection with Liberty Dollars. Not for lack of trying on the part of the defendant-to-be, though. von NotHaus is ready for his day in court, taunting authorities by wearing prison stripes during public appearances, and stamping symbolic handcuffs on his latest medallions. He is anxious to take the stand for his supposed right to trade and barter with whatever currency he and his vendors see fit, and is especially giddy about the prospect of the Federal Reserve and its principals defending their Notes backed only "by government debt," and to hear them justify the seizure that saw federal agents and local law enforcement descend upon the small, strip mall storefront, seizing more than \$80k in coins, warehouse receipts and e-Dollars in Indiana, and several tons of gold, silver and copper from the mint in Idaho.

Surprisingly, not everyone in the federal government is ready to see von NotHaus behind bars. Representative Ron Paul of the 14th Congressional District of Texas has been a champion of competing currency legislation, and is a popular cult figure who gained both fame and notoriety during the last presidential election cycle. As

a candidate, Rep. Paul earned fans throughout the country with a small-government agenda that rang true with Republicans who felt their party cheating toward the middle of the aisle, and anti-government conservatives looking for a fundamental change. One of those fans is Liberty's own von NotHaus. While most campaign supporters make buttons or t-shirts to advance their message, von NotHaus had access to a mint. The Ron Paul rounds were designed with the congressman's likeness, and the buoyant "Gold Standard in Leadership" arching over his head. The beautiful piece found instant popularity with LD backers and coin enthusiasts alike; a sought-after collector's item upon first issue. Ron Paul's assumed association (there is no formal tie) made many in the mainstream finally pay attention to what von NotHaus and had been pushing for a decade. Replete with an unauthorized celebrity endorsement and salacious legal controversy—two common ingredients in any successful product promotion—the Liberty Dollar became widely recognizable. Unfortunately for Liberty, the new, attentive audience found mostly disparaging national headlines and an empty warehouse due to the raid and seizure.

The Pending Nightmare

NORFED dropped its eyebrow-raising moniker in favor of the benign Liberty Services, Inc. in 2006 after first drawing suspicion from federal agencies [of course, the move gained them no solace]. While changing the NORFED name surrendered the appearance of a political agenda, Liberty Services still enjoys a politically-charged following. The Libertarian Party, in particular, shares many of its ideals and hot buttons with those of von NotHaus and counts many of its members as LD proponents. Libertarians may not have a consensus opinion on LDs or even competing currencies in general, but rue the government's attempt to deny the effort. As Alex Vuchnich, former Treasurer of The Libertarian Party of North Carolina (the state in which Special Agent Romagnuolo built his case and filed his incendiary affidavit) explains, "the use of LDs as a medium of exchange is certainly something that any Libertarian would support as an individual's right that should not be subject to government intervention by force." Vuchnich doesn't claim LDs as the best way to combat the inflationary tactics of the Fed, but can see the benefits of alternatives in the way goods and services are exchanged. "There is no need for additional competing fiat [stated-value] currencies, but more competition will always be good whether it be in the form of barter, LDs, credit, etc." Taking a wider view, he adds, "More options for trade and exchange is good for consumers and what's good for consumers tends to

be good for the economy."

Today, LDs are used with caution under the continued threat of criminal charges. Von NotHaus is retired as of last fall, residing in Hawaii and pushing another Constitutional right to its limit with the founding of Free Marijuana Church, but is still communicating with LD supporters and trying to find public forums. Dan Priest, former executive at Microsoft, has come and gone as Liberty Services' CEO, and von NotHaus now spends a large part of his time collecting donations and peddling LD paraphernalia to raise money for the pending legal battle [for which there is still no court date]. Those clients whose gold was seized by the FBI are encouraged to join the civil suit; their one, remote chance of recouping their losses.

New LDs are still being produced, but at an undisclosed location and sold online at a reduced price. The runs are now smaller, and older rounds are won at auctions for more than their NFV and will never be "Dropped" in attempted spending. The Dollars will certainly have a harder road into circulation, but given the current super-recession, the demand for gold and silver may be ready for vicious spike.

It is increasingly obvious that legislators are chumming the waters for hyperinflation, the likes of which many are claiming hasn't been seen for generations. Politicians are printing money out of nothing and passing it around to whomever has a hand out, putting policies into place that are surely the stuff of von NotHaus' nightmares. The media are waving a damning finger of blame while much of the public looks for an economic savior. Years from now, Bernard Von NotHaus and his Liberty Dollar may very well be remembered as a fringe-dweller and his pet pyramid scheme, but with each news cycle, he seems more like a desperate trailblazer, attempting to forge a path back to our much needed fiscal security.

Original Article: <http://su.sg/4361>

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