

DGC Magazine

Digital Gold & Islamic Finance Special Issue

e dinar



AN INTERVIEW WITH
DR. ZENO DAHINDEN
CEO OF E-DINAR

April 2010

PROTECT AGAINST INFLATION USE GOLD & SILVER



buy physical Gold & Silver online

make instant online payments with Gold & Silver

hold Gold Dinar and Silver Dirhams in your hands



- 6 Russian Electronic Payments: Innovation & New Regulation**
- 9 An Interview with Dr. Zeno Dahinden CEO of e-dinar**
- 11 iGolder Integrates PGP**
- 19 Co-Dominance & Incomplete Knowledge: Our Twin Pillars**
by Paul Rosenberg
- 20 New Ukash Russia-Ukraine Deal:**
Webmoney, Yandex.Money, RBKMoney and Others
- 33 Islam, Murabaha and Fixed Deposits by Imran Nazar Hosein**
<http://www.imranhosein.org/>
- 37 Digital Currency Social Lending on Facebook**
- 40 Introduction to the Islamic Gold Economy**
<http://www.egold.pk/>
- 41 Dubai Proposes Gold Coins as UAE Legal Tender**
- 42 Confessions of a Carder**
by Alekcey Malov
- 45 What Is eGold**
- 49 The New Aspen Dollar**
- 50 New Mexico Congressional Candidate Adam Kokesh**
Issues Medallions for Contributions
- 52 U.S. Mint Short on Savvy, not Supply**
by Tarek Saab
- 55 The Islamic Gold Dinar**
<http://egold.pk/home/>
- 56 Wazzamba Wins by Partnering With GlobalCollect**



ACCORDING TO ISLAMIC LAW...

The Islamic Dinar is a specific weight of 22k gold (917.) equivalent to 4.25 grams.

The Islamic Dirham is a specific weight of pure silver equivalent to 3.0 grams.

Umar Ibn al-Khattab established the known standard relationship between them based on their weights: “7 dinars must be equivalent to 10 dirhams.”

“The Revelation undertook to mention them and attached many judgements to them, for example zakat, marriage, and hudud, etc., therefore within

the Revelation they have to have a reality and specific measure for assessment [of zakat, etc.] upon which its judgements may be based rather than on the non-shari’i [other coins].

Know that there is consensus [ijma] since the beginning of Islam and the age of the Companions and the Followers that the dirham of the shari’ah is that of which ten weigh seven mithqals [weight of the dinar] of gold. . . The weight of a mithqal of gold is seventy-two grains of barley, so that the dirham which is seven-tenths of it is fifty and two-fifths grains. All these measurements are firmly established by consensus.” Ibn Khaldun, Al-Muqaddimah

How are the Islamic dinar used?

- 1.- The Islamic Dinar can be used to save because they are wealth in themselves.
- 2.- They are used to pay zakat and dowry as they are requisite within Islamic Law.
- 3.- They are used to buy and sell since they are a legitimate medium of exchange.

editor@dgcmagazine.com

Skype IM ‘digitalcurrency’

<http://twitter.com/dgcmagazine>

DGC Magazine is published online 12 times a year. Subscriptions are free. Industry ads are free.

© 2008-2010 DGC Magazine All Rights Reserved

Legal Notice/Disclaimer: Articles and advertisements in this magazine are not and should not be construed as an offer to sell or the solicitation of an offer to sell any investment. All material in this issue is based on information obtained from sources believed to be reliable but which have not been independently verified; DGCmagazine, the editor and contributors make no guarantee, representation or warranty and accept no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of contributors only & individual views are subject to change without notice. DGCmagazine and contributors assume no warranty, liability or guarantee for the current relevance, correctness or completeness of any information provided within this publication and will not be held liable for the consequence of reliance upon any opinion or statement contained herein. Furthermore, DGCmagazine assumes no liability for any direct or indirect loss or damage or, in particular, for lost profit, which you may incur as a result of the use and existence of the information, provided within this publication. As for any product or service advertised, promoted or which appears in this publication, readers are advised to “Use At Your Own Risk”.

Anybody Seen Our Gold?



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

Who are we?

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

GOLD ANTI-TRUST ACTION COMMITTEE INC.

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

CPowell@GATA.org

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

GATA

RUSSIAN ELECTRONIC PAYMENTS: INNOVATION & NEW REGULATION

“September, 15 2010 at a meeting of the Duma Committee on Financial Markets was the first meeting of the working group to prepare a law on electronic money. It demanded that representatives of the banking community to oblige the operators of electronic money to obtain a banking license.”

It's important to note when reading this article that the new e-money regulations in Russia are still pending and not yet signed into law. If they are signed into law later this year, they could be active by early next 2011.

Late last year, bowing to an increased interest from the government to regulate non bank electronic payments, Russian e-money giants decided to establish an industry association. A similar situation had occurred earlier in Russia when the government began regulating payment terminals and during the rapid growth of pay terminals, a successful industry group had also been formed. As the terminal laws developed, interaction and lobbying from the industry group helped to shape the new regulations. Without that participation it can be said that those new laws could have created serious limitations on pay terminal activities. It is from this experience the concept grew for an Electronic Money Association. A similar outcome is now desired.

Fearing that strict banking regulation over non-bank electronic money would be detrimental to the industry by slowing growth and causing the business to be less profitable, in October of 2009, the Russian Electronic Money Association [AED] was formed. This industry group united the largest providers and industry associations working in the Russian electronic money sector.

Member companies included:

- **WebMoney Transfer and Yandex. Dengi (these two companies handle approximately 90% of the Russian Internet payments/digital currency market in Russia)**
- **i-Free (mobile operator)**
- **QIWI (cash terminal operator)**
- **National Association of Microfinance Market Participants (NAUMIR) [Russian Association for Micro Financing]**
- **National Association of E-commerce Market Participants (NAUET). [Russian Association for Electronic Trade]**

In the first nine months of 2009 in Russia Internet-payments reached 10 billion rubles, payments through the pay terminals of QIWI with the personal office reached 8 billion rubles and cell phone payments reached 7 billion rubles.

*<http://bankir.ru/news/newsline/cards/2465826>

Goals of the AED

The major goals of the Electronic Money Association are to lobby for the interests of the industry in creating legislation for electronic money (now estimated at 30 billion rubles for 2010)

The major aim of the AED is to encourage the development of the e-money marketplace and to

make it a popular financial facility for consumers, government groups and industry.

The methods being used to achieve these goals are:

- **Work on legal aspects of the e-money market regulations,**
- **Widen cooperation between market participants and interactions with other business entities and government bodies,**
- **Increase market transparency,**
- **Work out best practice standards,**
- **Popularize e-money-based services and protect the rights of their consumers.**

It's very clear in Russia that non bank money transfer companies, mobile payments and payment terminals have become a widely used significant element of the Russian population's payment infrastructure. Non bank electronic money systems such as Webmoney Transfer have been and continue to be the largest single factor in e-commerce growth across Russia and most former CIS countries. Without easy access to credit cards, non-bank e-money has become a cost effective tool enabling many people to sell products online, monetize content and develop advertising revenue streams.

According to Peter Darakhvelidze of Webmoney Transfer, "This will be the first law regulating the payments as a separate type of activity". The new legislation will provide Russian e-money a clear legal definition. It is anticipated that these new regulation could become active sometime in 2011, and that would classify Russian e-money as a "credit institution".

Credit Institution

Legal entity for a profit as the primary objective of its activities on the basis of a special permit (license) of the Central Bank of Russia (Bank of Russia) has the right to conduct banking operations stipulated by the above federal law. KO formed on the basis of any form of property as a business entity. KO divided into banks conducting the full range of banking operations, and non-SC entitled to

perform certain banking transactions. Permissible combinations of banking operations for non-KO by the Bank of Russia. KO subject to state registration in the Bank of Russia. Bank of Russia carries out the state registration KO and maintains the State Register of Credit Institutions. KO have the right to carry out banking operations from the receipt of a license issued by the Bank of Russia. Collegiate Dictionary of Economics and Law, *<http://www.smoney.ru/glossary/>

It is recognized that the credit institutions may establish relationships with payment agents. After establishing a relationship the agent, on the bank's behalf, will continue to offer operational and clearing services to all retail and end users. In this possible future situation, not much will change regarding logistics of the old digital currency operation except the higher fees (of course). In line with this possible new regulation, all Russian digital currency liabilities would be now be issued by licensed banks and the existing digital currency operators will become the agents for those banks.

Along with the new regulations, a secondary possible future limitation on all e-money accounts will be the requirement of all agent operators to "Know Your Client" and verify their customer's identification. As it currently stands, all transaction and funds over 15,000 rubles will require the user to be verified.

"Legal entities and entrepreneurs should always be identified, and the Central Bank may establish a limit on the receipt of electronic payments." *<http://www.vedomosti.ru/newspaper/article/2010/02/08/224970>

During the past month, many articles have pointed out that these possible new regulations impose rules on Russian electronic money issuers that are more restrictive than what occurs in most other countries around the world. Due to intervention and regulations from the big banks, the online universe of digital currency is quickly changing as government's catch up with technology.

ARTICLE BY MARK HERPEL



WebMoney Keeper Mobile - Stay Paid. Be Mobile.

<http://www.wmtransfer.com>
<http://www.webmoney.ru>

AN INTERVIEW WITH DR. ZENO DAHINDEN

e-dinar

(Q) The current global financial trouble has worked to reinforce the concept of sound money. Do you see more ‘everyday customers’ embracing the concept of gold and turning away from paper?

*Yes, definitely. For our business, the **turning point came in October 2008**. At that time, most of the large refineries in Europe were flooded with orders and found it increasingly difficult to procure sufficient metal and to provide adequate production capacity. As a result, they started to focus their business on key accounts – mainly banks and large wholesalers – and neglected the smaller accounts or increased their spreads several fold for immediate delivery.*

*Due to our priority relationship with Emirates Gold in Dubai (they refine roughly 1.5 tons of gold per day), we, on the other hand, were able to continue immediate deliveries throughout the height of the financial crisis with only marginal increases in spreads. During the first 4 to 5 months of the crisis, **our monthly gold production increased from 25 kg to 100 kg per month**, a 400% increase as compared to the period preceding the bankruptcy of Lehman Brothers.*

In that process, we gained a significant number of strategic accounts (mostly wholesalers and large sales networks which started to add bullion products to their traditional line of financial products) and were able to firmly establish the Emirates Gold

*brand in Europe and South East Asia. Since we can monitor the sales of our strategic customers (in a few cases, we have integrated their sales systems into our order management), we observe a steady broadening of the general customer base, particularly in **Germany, Eastern Europe and Malaysia**, which is continuing until today. To satisfy this growing demand for physical redemption, we incorporated a Swiss wholesale company for the marketing and distribution of Emirates Gold products (<http://www.emiratesgoldeurope.com>) in the spring of 2009.*

*It is important to note that all further comments and numbers refer to the combined business of both **e-dinar FZ LLC and Emirates Gold Europe GmbH**. While e-dinar retains the character of a retail company, Emirates Gold Europe works as a pure wholesaler.*

(Q) When I interviewed you back in 2008 you said, “We do most of our minting with Emirates Gold in Dubai. We have some local minting operations in Indonesia and are looking for ways to mint silver dirhams in Malaysia...” are you still minting a majority of your pieces in Dubai?

Today, we do the large majority of our minting with Emirates Gold in Dubai. While we continue to maintain close links with an affiliate organization in Indonesia which mints gold dinars and silver dirhams for the most part with the state-owned refinery Loga Mullia, we have ceased our minting activities with

Royal Mint in Malaysia. As a matter of fact, we now service our Malaysian customers with Emirates Gold products directly from Dubai which gives them better value for money in spite of the higher shipping costs.

(Q) Can you tell us about the new arrangement for producing the Kelantan series of the gold dinar and the silver dirham, are these coins minted under the express order by the government?

As you might know, the state of Kelantan has been in the national and international press for their efforts to distribute the gold dinar through their state-owned pawn shops. Since 2007, when they first started distribution, they have sold some 10'000 gold dinars to the public.

During the last one and a half years, we have worked closely with the government of Kelantan to issue a new bi-metallic series of the Kelantan gold dinar and silver dirham with the state **emblem** on the face of the new medallions. We have finally been awarded that contract and have received the funds for the first batch which will go into production during April 2010.

This new and **stunning series** of the dinar and dirham will be broader in denominations and will comprise **silver and gold pieces** rather than just gold pieces as before:

- Kelantan Dinar denominations: ½; 1; 2; 4; 8; 10 (one dinar = 4.25 grams of 22 ct gold)
- Kelantan Dirham denominations: 1; 5; 10; 20 (one dirham = 3 grams of 999 silver)

Kelantan's past efforts were exclusively focused on the gold dinar. As we know however from history, silver coins played a more significant role in everyday life than gold coins for the simple fact that gold coins tend to be too valuable for everyday purchases such as bread or groceries. Having understood this, the state government has now decided to issue a bi-metallic series comprising both the gold dinar and the silver dirham.

It was for this reason that Mr. R. Deutsch (I gave a joint presentation with him shortly before his untimely

death) predicted that if only one large country such as Mexico would covert its paper pesos into silver pesos, the total silver in current storage would not be sufficient to satisfy demand (please note that Mexico has a long-standing project to do just that).

I share the conviction of the late Mr. Deutsch and look forward to the first national government courageous enough to take such a step which is not as far fetched as one might think. In the not too distant past – actually only 30 years ago - the coins of several currencies including the Swiss franc were still made out of silver. Only in 1980, when the Hunt brothers drove silver to 80 USD an ounce and the silver content of these coins began to exceed their nominal value, was the Swiss government forced to replace its silver coins with cheap nickel.

Should silver coinage become popular again, the world would quickly use up its depleted silver storage and run out of available metal - you can imagine what this would do to the price of silver bullion – it would go ballistic.

(Q) Are the majority of e-dinar online accounts used by individuals, merchants and/or companies for online commerce?

You are touching on an intriguing phenomenon. While most of the original gold-based e-payment systems including e-dinar were convinced that we would introduce a superior electronic currency which would eventually replace other e-payment systems based on paper money, this has at least for e-dinar never materialized.

Until today, the majority of our customers either buys bullion for long-term storage as a means of savings or redeems bullion in the form of investment bars or gold and silver medallions. The e-commerce activities we observe in our system remain marginal.

Recently, we started to work with our Malaysian partners on the integration of a new form of e-commerce using SMS payments to pay bills, rent cars or do everyday purchases one would normally use a credit or debit card for. We see a real opportunity for e-payment systems such as e-dinar to support this new kind of e-commerce since SMS payments have

iGOLDER INTEGRATES PGP

To add a new measure of privacy for account holders, iGolder has installed a built-in PGP email encryption system.



There is an outstanding tutorial located on this page: <https://www.igolder.com/features/PGP-email-encryption/>

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



Purchase as low as 10\$ of gold for only 0.35\$ fee. No expensive wire transfer fees or the need to get a money order!

**No surprise!
You know when your gold or dollars will be deposited in your account.**



gained quick acceptance throughout South-East Asia and are today the number one means of on-the-go payments due to their superior convenience. I see real potential in this new approach and hope to be able to tell you more on this in the future.

(Q) Dubai has recently experienced a business and real estate market slow down, as did most cities around the world, has your operation in Dubai changed at all?

Not at all, as a matter of fact our Dubai operation has become stronger and we experience increased support for our business activities from local institutions and government entities. In my opinion, this has to do with the unique situation of Dubai as the 'The City Of Gold' where 25% of the global physical gold trade flows through.

London which used to be the center of the physical gold trade is today almost exclusively focused on the paper gold trade - you would have a hard time to track down physical bullion trading in London. The same applies to Zurich, although to lesser extent than London, since Zurich still has preserved a fair amount of physical trade.

My question to you is – where would you strategically locate your gold business: in London or Zurich where the physical trade continues to lose significance or in Dubai which has become the new global hub for physical bullion trade?

(Q) Two years ago when asked about your customer base, you answered, "Out of approximately 9000 customer accounts in total, we have roughly 6000 active accounts, i.e. accounts with a gold or silver balance." Can you share with us the number of customers and account e-dinar is servicing today?

If we include our own customers demanding physical redemption as well as the main customer base of our largest wholesalers and distributors, we probably service today directly and indirectly well over 25'000 customers on a regular basis.

(Q) What kind of growth in the use of gold dinars and silver dirham are you seeing around the

world?

In Indonesia: since 2001, our affiliate organization in Indonesia has sold some 50'000 gold dinars and silver dirhams through their own outlets (at last count 25). The majority of these sales have been silver dirhams. Unfortunately, I do not have a break-down of the above figure into gold and silver pieces.

In Malaysia: since 2007, Kelantan's state-owned pawn shops have sold an estimated 10'000 gold dinars. In addition,

- e-dinar has sold in excess of 1500 gold dinars into the Malaysian market during the last six months,*
- The new bi-metallic series of the Kelantan dinar and dirham is anticipated to sell between 50'000 to 75'000 gold dinars and silver dirhams per annum.*

In Europe: in 2009, e-dinar and Emirates Gold Europe have sold a combined quantity of 28'900 gold dinars and silver dirhams into the European market. This figure is broken down as follows:

- 6'800 x 1 gold dinar*
- 22'100 x 5 and 10 silver dirhams*
- we also sold a fairly large number of 1 dirhams but unfortunately did not keep tabs on their sales in 2009*

Rest of the World: remains negligible to this day and is almost exclusively serviced by e-dinar.

(Q) Could you give us a break-down of the gold and silver products you have redeemed in 2009?

Overall, we have redeemed some 650 kg of gold and almost 5 tons of silver in 2009 which is roughly twice the amount we redeemed in 2008. Part of our success are the quality of our products and the low prices for our small gold bars (i.e. 1 gram to 1 oz) which are the best available anywhere in Europe or South-East Asia including direct sales from wholesalers and refiners.

(see next page) The first pie chart illustrates the distribution of products by quantity sold. Not



raySERVERS™

Private

*

Capital Management

*

Communication & Networks

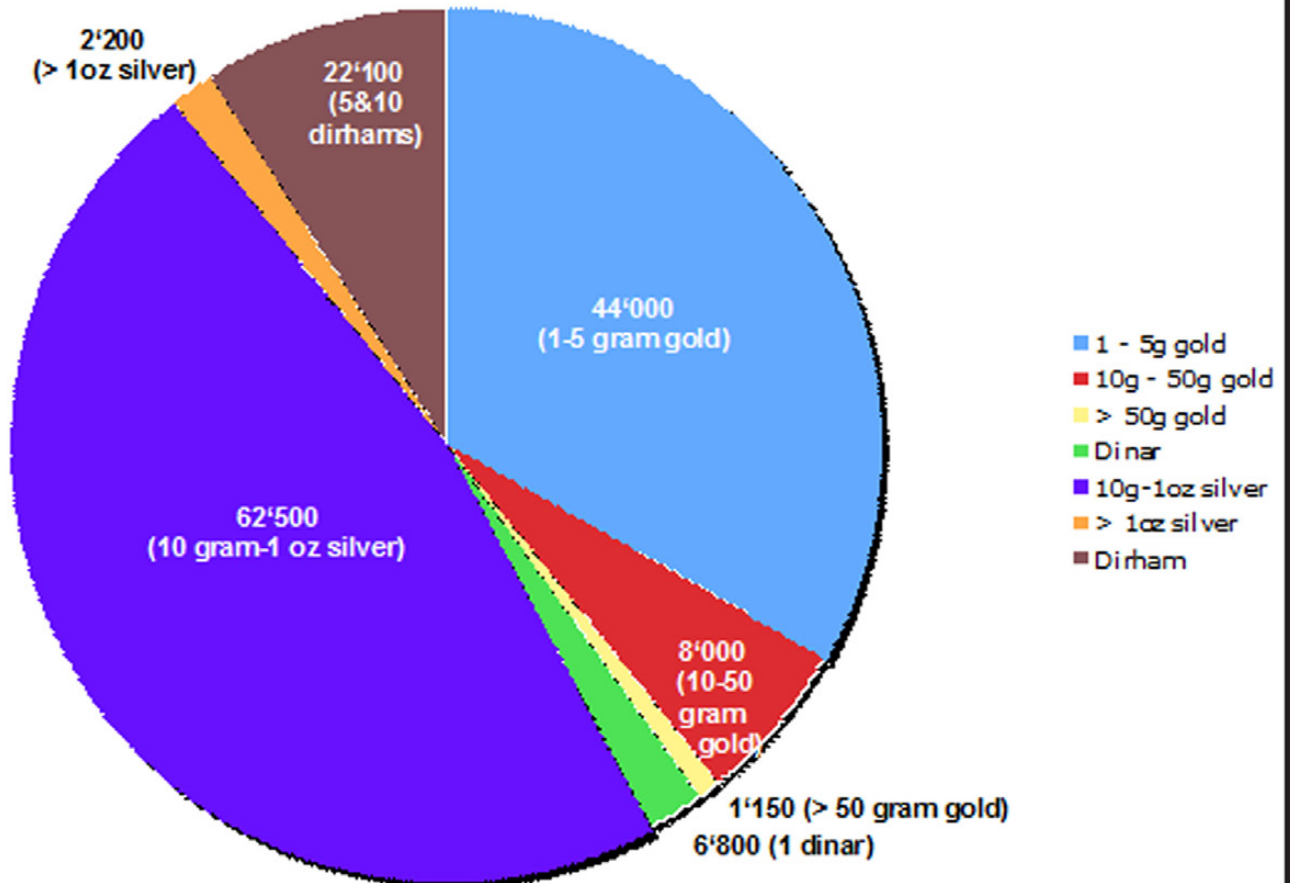
*

Powerful Encryption

<http://www.rayservers.com>

Panama

By Quantity (redemption in 2009 = 150'000 pieces)



surprisingly, the top spots were taken by our small gold bars (44'000 x 1 to 5 grams) and our small silver products (62'500 x 10 grams to 1 oz excluding silver dirhams):

(see following page) The second pie chart illustrates the distribution of products by turnover in million USD. Here, the picture looks quite different. The top spots were taken by our medium sized gold bars (6.1 mUSD of 10 to 50 grams) which held the number 4 spot in terms of quantity sold and our large gold bars (5.4 mUSD of > 50 grams) which held the last spot in terms of quantity sold:

Even though we do not provide figures on the amount of gold and silver bullion that went into storage, I can tell you only this much that we added less bullion for long-term storage than what we redeemed physically.

In 2010, we expect to increase our turnover in physical redemption to 25 million USD.

(Q) Which countries seem to be experiencing the most popularity with the use of the gold dinar?

In terms of everyday use for smaller purchases and for trading, I would think at present it is Indonesia and then Malaysia.

In terms of volume sold, my best guess at present is Germany, Indonesia, Malaysia and then Eastern Europe.

In the near future, I would anticipate Malaysia to take the number one spot both in terms of use for trading as well as volume sold.

(Q) Are you seeing larger or smaller account sizes and orders for e-dinar products?

The trend is definitely towards larger orders by (a) wholesalers which distribute the products through shops and sales networks, (b) state institutions which use their own sales outlets and (c) non-



gold-pay

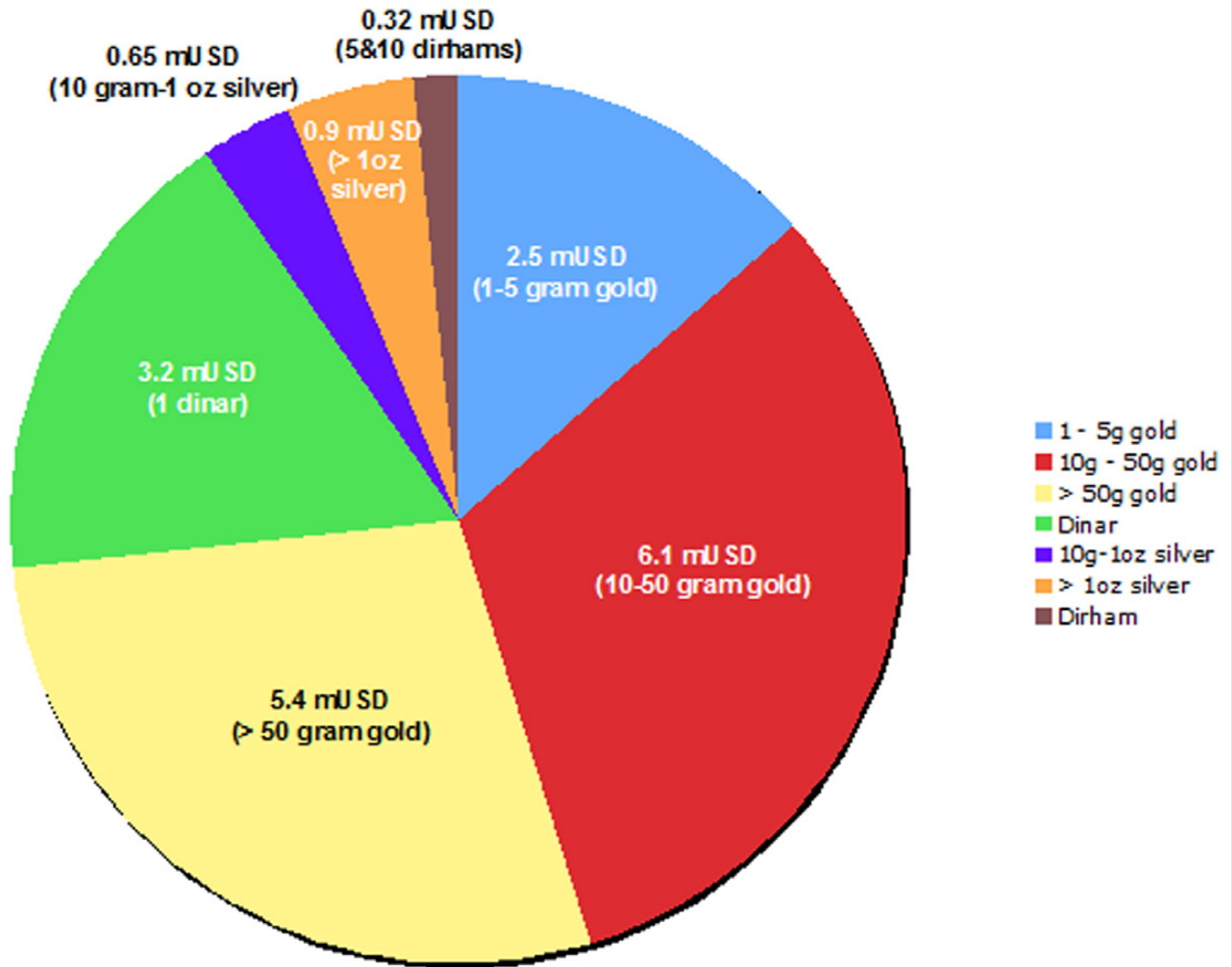
PER AURUM NOS REPERIO LIBERTAS



- ◎ Buy and Sell Gold Online
- ◎ Maximum Privacy and Security
- ◎ Simple and Private as Cash
- ◎ Low Fees
- ◎ Secure, user-friendly account access

www.gold-pay.com

By Turnover (redemption in 2009 = 19 mUSD)



profit organizations that use them as alternative 'currency'.

(Q) Do customers prefer having the metal in their hands or digital storage, are you shipping more gold and silver today or holding more metal in digital accounts?

A growing number of our customers prefer to have the metal in their hands rather than store it digitally with third party providers such as e-dinar. As I stated in one of my previous contributions to your magazine, my personal belief is that the production and immediate redemption of gold and silver products is the most honest and gratifying way to bring gold and silver to the people. Only once somebody has touched gold and silver bars and coins, do they begin

to understand the unique quality of these metals.

In addition, physical redemption makes people independent of third-party risks for example through insolvency of custodian companies (unlikely if 100% of the physical metal is indeed held in storage as is the case with e-dinar) or forced government closure (more likely) as we have witnessed with e-bullion and, to some extent, e-gold.

As recent history has demonstrated, the risk of government interference is more pronounced in Western countries where financial regulators tend to be more wary of private operators than in the Middle East where the private sector business with gold is persuasive and wide spread.



PRIVACY is your RIGHT...
only if you DEFEND IT.

Anonymous Offshore Private Internet Access Since 2002



<http://www.metropipe.com>



Engineered for your Privacy. Nextgen anonymous surfing.

Tunneler Gold

Encrypted Proxy Service
SSH + HTTP or Socks
\$49.95/yr

Tunneler Pro

Encrypted Full Network VPN
High Speed Internet Access
\$99.95/yr

Windows - OSX - Linux
Easy Installer
No Logging
Skype Tech Support

<http://www.metropipe.net/>
support@metropipe.net
Skype: MetroPipe

*e-dinar for example has been subject to **regular audits** by the UAE Central Bank and by government Compliance Departments regulating business activities in the Free Zones. In addition, Emirates Gold submits its e-dinar account statements each year for audits by the UAE Central Bank to ensure 100% compliance with UAE laws. To this date, e-dinar has passed all of its audits with flying colors – at last count, we have undergone 8 regulatory audits.*

(Q) Can you share with us what countries you ship gold dinars to most often?

At present, we ship most of our gold dinars and silver dirhams to Germany, from where they are distributed through a growing number of retail outlets and sales networks to other EU countries. Our shipments to Malaysia (the number two destination) are bound to increase substantially thanks to our contract with the Kelantan state government.

(Q) Who is your largest customer at this time meaning is it an organization, company or person?

*Our largest customer is the **Taurus Edelmetall Gruppe** which comprises a conglomerate of bullion companies that run their own shops and supply a growing number of sales networks. The **Taurus Group** holds the number two position in the ranks of the largest bullion distributors in Europe behind ProAurum, the number one provider.*

Other large customers include European wholesalers, investment advisers, non-profit organizations and last, but certainly not least, state government entities in Malaysia.

(Q) Is the digital form of gold dinar seen as a popular alternative to conventional banking?

*I would like to reverse the logic of your question by stating that the physical possession of gold and silver is increasingly becoming **a popular alternative to conventional savings.***

Let me give you an example. About two months ago, we were approached by a non-profit organization which issues one of the better known paper-based

***alternative currencies** in Germany that has been gaining wide-spread acceptance over the years. This organization (which I cannot name for confidentiality reasons) came to realize that sound money (i.e. gold and silver) is far superior to paper receipts. For this reason, they now plan to issue an alternative silver ‘currency’ in denominations comparable to the silver dirham.*

*We have submitted a competitive offer for their art work, the production of dices and of the silver medallions. To give you an idea of order size, their first order would comprise more than **35’000 silver medallions** in various denominations.*

(Q) What company would you consider to be your main competition?

In terms of bullion storage, our customers compare us most often to the two most prominent European operators, namely GoldMoney and Bullionvault.

*In terms of physical production and redemption, our main competitors are the largest European high-end refiners, namely Degussa, Heraeus and PAMP. It might be of interest that PAMP (one of the largest private producers in the world) is owned by **Marwan Shakarchi** who is the brother of my friend **Mohamed Shakarchi**, the owner of Emirates Gold. The two brothers represent a formidable force in today’s bullion market and together control a substantial share of global gold refining and bullion production.*

(Q) Have you engaged in any popular forms of paid advertisements like newspapers, magazine or television?

Since our business is increasingly leaning towards the wholesale side of things, we limit our advertisement to selective magazine and Google ads. Come to think of it though, we should probably do more wide-spread advertising campaigns. I might wait for the next big run up in bullion prices (which I hope will happen soon) to launch a concerted advertisement campaign.

(Q) Is an e-dinar account a proper alternative to western banking?

continued on page 22

Co-Dominance & Incomplete Knowledge: Our Twin Pillars

by Paul Rosenberg

Every now and then, it's a good idea to take a breath and re-examine the foundations we are building upon. That's what I'll do this month. Please take a few minutes to read this brief article and understand the foundations. It will help you a great deal, and probably in ways you wouldn't expect.

And please note: While it may seem that "incomplete knowledge" is a silly thing to take as a foundation, I'll make sense of it before we're done. :)

CO-DOMINANCE

Two fundamental arrangements are available between men on earth: Horizontal and vertical. Either we interact with each other as equals, or we fight to assert dominance over each other.

Horizontal relationships are what we call co-dominant relationships: You and I accept each other as equals. You have no power over me, nor I over you. If we trade, it is because we have an agreement between us that we both like. No one gets to throw the other around.

Dominant-submissive (vertical) relationships are those in which one person lords over the other. You do what I say, or else.

We of the Western tradition expect co-dominance and find it comfortable. We tend not to engage in endless struggles to be dominant over friends, coworkers, and so on. We reject purely dominant-submissive relationships. We may accept hierarchies in our workplaces, but we do not accept this as applicable to the rest of our lives—only to that one set of voluntary arrangements.

On the other hand, where and when the dominant-submissive model holds, anger festers, compassion fails, grudges are never released, and endless volumes of energy are wasted in posturing and scheming. (As opposed to using our energy to create value.)

Where co-dominance is present, cooperation rules and massive accomplishment can and does arise. The

market, after all, is nothing but co-dominance writ large.

Where co-dominance is absent, there is tyranny. Even when submission is portrayed as "obedience," it remains one half of a dominance-submission exchange. To be obedient is to be the "submitter."

For numbers of people to live together in any coordinated way, either co-dominance and cooperation are necessary, or tyrannical central control is necessary. Individual liberty can only thrive only in the former.

Even in a "highly competitive" business environment, co-dominance can thrive. Let's say you are in the construction business; so are a dozen other people in your town; you compete against them every day. But, you can still respect them and care about them as human beings. In fact, millions of us do this every day.

Without co-dominance being mutually held, not only business, but everything inter-personal becomes war, with one person or group always dominating, and the others always being forced to submit. It's an ugly and wasteful way to live.

So, at just about all times and places on this planet, either the co-dominant or dominant-submissive model rules. The better choice of the two is obvious.

INCOMPLETE KNOWLEDGE

Western Civilization... might be summed-up in the belief that "Truth unfolds through time in a communal process."

-- Carol Quigley

The quote above expresses a great core of Western civilization, if not the core. And while this quote may be new to most of us, almost all of us presume it to be true every day.

In specific, you assume that this idea is be true every time you say, "We know that..." or "we have no information on..." People saying such things presume:

1. **That truth is built.**
2. **That all of us may contribute to it.**
3. **That we will have more in the future than we have now.**

This belief makes us optimistic, but it also makes authoritarian rule incompatible with our beliefs. If the final truth is yet to be revealed, who can say that he or she has full knowledge and should be given full powers? It also makes us open to new ideas from whatever source. If something contributes to the accumulation of truth, who cares where it comes from? It is a fact we can use.

Another important aspect is revealed by saying, "We know." Who is we?

We, is any individual who contributes. That assumes a civilization based upon merit, individuality and equality. Truth does not descend from a ruler or from an authority; we all can contribute truth and we all can (and should) take care to preserve it.

Again, dictatorships and blind faith are fully incompatible with this ideal: No one has full truth now, because it lies in the future. Thus, no one should be followed with blind faith.

Closely related to this is the assumption that we are a community of interests. We don't all have the same dreams and desires and we don't all have to fit into the same mold. Even so, we all may contribute to the accumulation of truth, and so long as we do not intrude upon others, we believe that we should be free to pursue our narrow, personal interests. This builds civilization on a decentralized model, which is exceptionally resilient and productive.

FROM THESE TWO...

From these two simple ideas come many other ideas, including important foundations in justice, law, science, and more.

Keep them in mind.

© Copyright 2010 by Paul A. Rosenberg
Paul is the author of A Lodging of Wayfaring Men, Production Versus Plunder and other books. You can find them at <http://www.veraverba.com>

NEW UKASH RUSSIA-UKRAINE DEAL: WEBMONEY, YANDEX. MONEY, RBKMONEY AND OTHERS.

This great news from Finextra. Ukash, the world's largest prepaid cash-issuing estate, has announced the continued expansion of its issuing network in Russia and the Ukraine following strategic partnerships with leading e-wallet providers

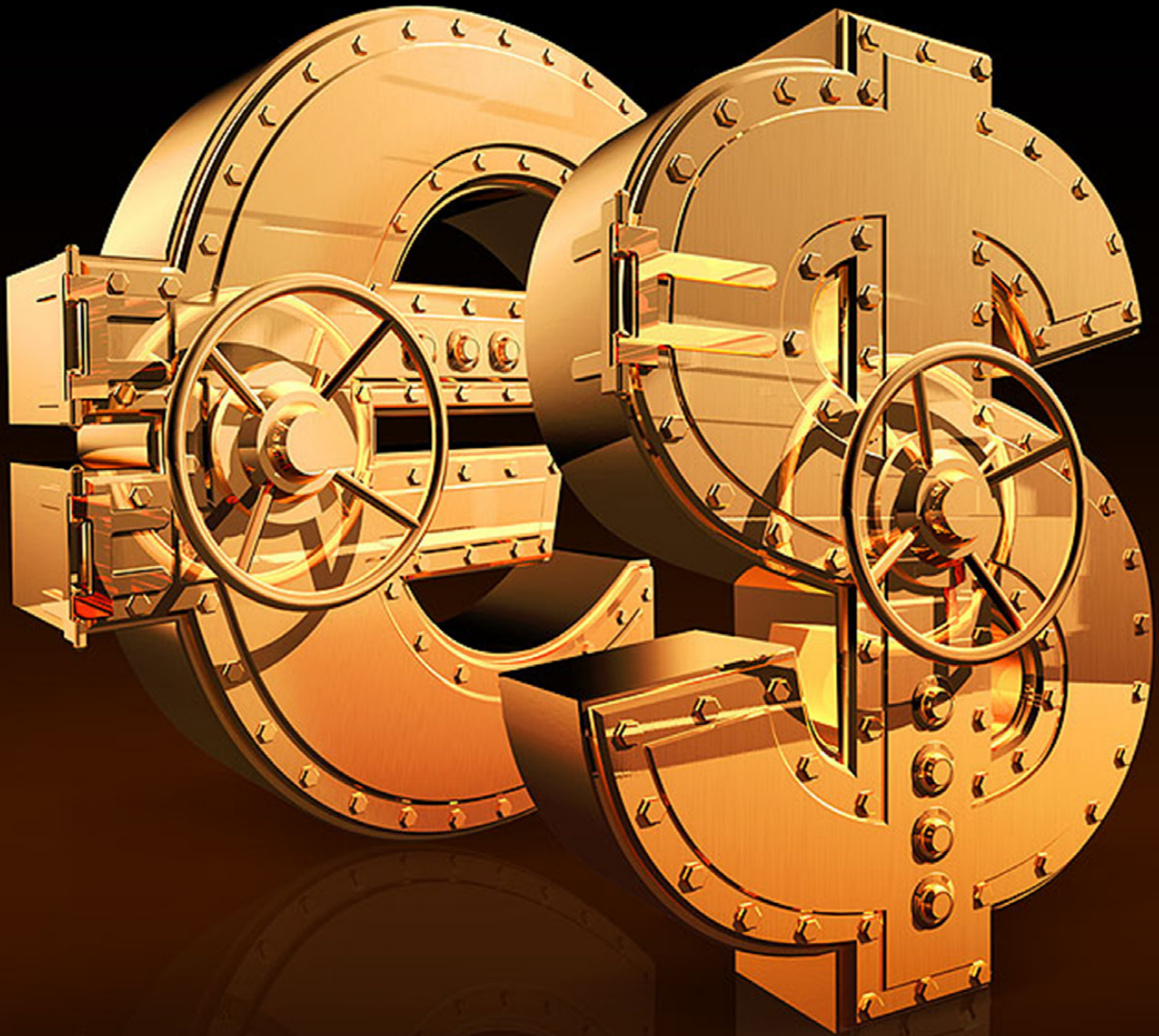
As a result of these new deals:

- **Consumers can log-in at Roboxchange.com, the world's first and largest instant e-currency exchanger, and select Ukash vouchers in any value from 10.00€ to 500.00€ Customers can then choose to exchange a number of currencies including Webmoney, Yandex.Money, RBKMoney and others.**
- **RBK Money customers can put funds into their secure wallet using a number of different local and international payment methods. Now they are able to use their wallet to order a Ukash voucher in any value from 10.00€ to 500.00€ Mobile customers can access the innovative new LiqPAY service in the Ukraine, which make Ukash vouchers available on mobile phones anywhere, any time. Vouchers are simply ordered online, paid for from the LiqPAY balance and sent to the mobile phone as a SMS.**

Users are simply issued with a unique 19-digit Ukash voucher code, which can be combined, split and converted to shop online without fear of online fraud - providing customers around the world with a safe, secure, financially anonymous way to shop, pay and play online.

While much of Ukash's recent global expansion has been in North and South America and Australia, Ukash has continued to intensify activity in its European markets, which have been very successful for the company over the last few years.

<http://www.ukash.com/>
<http://www.finextra.com/news/announcement.aspx?pressreleaseid=32434>



GBULLIONCOM
CREATE YOUR OWN GOLD RESERVE

<http://www.gbullion.com>

To be honest with you - no. It does not have the functionality of a current account used for everyday purchases and bill payments. It is however an **ideal alternative to paper savings** by offering a low cost means to hold a smaller percentage of one's savings and investments in gold and silver as advised by the majority of portfolio managers today.

This does not imply that I am a fan of Western banking – quite on the contrary. While I appreciate the convenience of modern banking and its ease of fund transfers, I cannot accept its usurious practices, its ceaseless creation of money from nothing and its uninhibited risk taking for the sake of profit and fat executive bonuses (e.g. Credit Suisse just paid out 3 billion in additional bonuses to 300 executives on top of their regular year-end bonuses!).

Western banking has brought the world to the brink of collapse and does not seem to have learnt anything from the near catastrophe. 'Funny' money creation is at all-time highs, none of the dangerous and destructive securization practices have been halted or reversed and the seeds for the next (and probably final) financial catastrophe are being sown right under our eyes.

I have expressed my views on Western banking very clearly in the **November 2008 edition of your esteemed magazine** in my article on the conception and creation of the Federal Reserve System.

<http://www.dgcmagazine.com/dp/node/35>

(Q) GoldMoney has seen a large increase in holdings over the past two years but no increase in how their digital gold system is used for merchant commerce. In other words, their system has become a popular 'savings' vehicle but basically died off as a commercial payment system. Compared this with e-dinar's business as a way to save vs. using e-dinar for online commerce, how has the online payments side of e-dinar's business (P2P and B2B) grown over the past year or two?

The picture is quite similar in e-dinar except that e-dinar redeems more bullion than it stores for its customers. As for the reasons why gold-based online commerce never really took off, my guess is probably as good as yours. Some of the reasons I see include:

- Gold-based e-payments (if one includes the in- and out-exchange processes) are less convenient than credit and debit card payments
- ATM-based gold payments using debit cards are less competitive because all card-based systems involve an issuing bank. The cumulative spreads of the issuing bank and the gold provider are in all cases known to me higher than conventional credit and debit card fees
- If you go in and out of gold to/from cash as many merchants would need to do, you are exposed to currency fluctuations and high bullion volatility which might necessitate various forms of hedging resulting in additional costs
- The cumulative time delays in sending funds to and from the gold provider's bank account (i.e. what we call in- and out-exchange) and the resultant exposure to exchange risks during these delays increase exposure and overall risk
- And finally, existing gold-based e-payment systems are probably still too exotic

(Q) Do you still permit third party independent exchange agents to buy and sell to small retail customers?

Yes, we do and indeed **encourage intermediaries** to become our **business partners**. As a matter of fact, we work more and more through intermediaries for two reasons:

- It lets us do what we do best – to produce, store and redeem gold and silver products
- It allows us to grow market share more rapidly than if we had to build our own distribution network.

We provide our intermediaries with logos, top quality photos of our products and website layouts to help them get started with little initial investment. In some cases, we provide them with satellite SW applications and even integrate their sales systems into our order management.

In that process, we broaden the appeal and customer base for our brand and products. Since we own comprehensive trade mark protection on several key aspects of our products, we enjoy product exclusivity – several companies which entered the market with



eGold Profile

Pioneering a Riba-Free Gold-Backed Financial System



 egold
<http://www.egold.pk>

similar products have learnt this the hard way.

In other words, our business increasingly builds on and depends on reliable intermediaries. For us, the advantage is clear: we deal with a manageable number of strategic business partners and our average order size has increased from approximately 5'000 to 80'000 USD per order.

In Emirates Gold Europe for example, we require a minimum order size of 20'000 USD.

(Q) In 2008 you told me that, “Our aim is to put real value back into the hands of the people and rather than letting it accumulate in the hands of a very few. Our ambition is to help set-up an alternative to today’s out-of-control monetary systems.” What advancements has e-dinar made in the past few years towards achieving these goals?

*What we do best is putting physical gold and silver into the hands of more and more people at very reasonable spreads. In that process, we help them understand the enduring value of bullion versus paper assets. This is what I consider a **real and lasting contribution to the economic well-being** of our fellow citizens. What better contribution to society can we possibly make than putting real wealth back into the hands of people?*

*At the end of the day, when paper currencies will crash and lose their value (their demise is an inevitable part of their inception) and in the process cause widespread suffering, our customers will be protected because they own the only thing that will **have preserved its value** – gold and silver.*

(Q) I know because of recent legal issues & U.S. regulations, e-gold Ltd. has drastically increase their fees. The last time we talked a storage fee of 1% per annum applied to every e-dinar account. Has your fee structure changed over the past two years?

We have not changed our storage fees during the last 10 years – it still stands at 1% of average value stored per annum.

We have however been forced to temporarily increase

our in- and out-exchange fees during the height of the financial crisis; in particular for silver (we never experienced problems with gold because we have ample access to gold through Emirates Gold).

There was a really exceptional time towards the end of 2008 and the beginning of 2009, when it was sometimes impossible to find silver bullion at reasonable spreads if at all. I remember well that we needed to buy several tons of silver for a large customer and could not even locate sufficient bullion to cover the order irrespective of spreads. When we finally found a Japanese bank that was willing to sell us the required tonnage, they wanted a mark-up of 45% - just mad! We did not buy it from the Japanese, told the client to wait and found the silver three weeks later at an elevated but more reasonable spread of 12%!

Since these tumultuous and truly exceptional times, things have quiet down, and our spreads have normalized pretty much to what they were before the crisis. Should a new crisis erupt however, spreads might quickly widen given the precarious state of the globally available reserves – particularly for silver. It is not unthinkable that in the foreseeable future, silver cannot be found at spreads below 15%.

(Q) What vaults in what countries are currently used to store e-dinar’s precious metal?

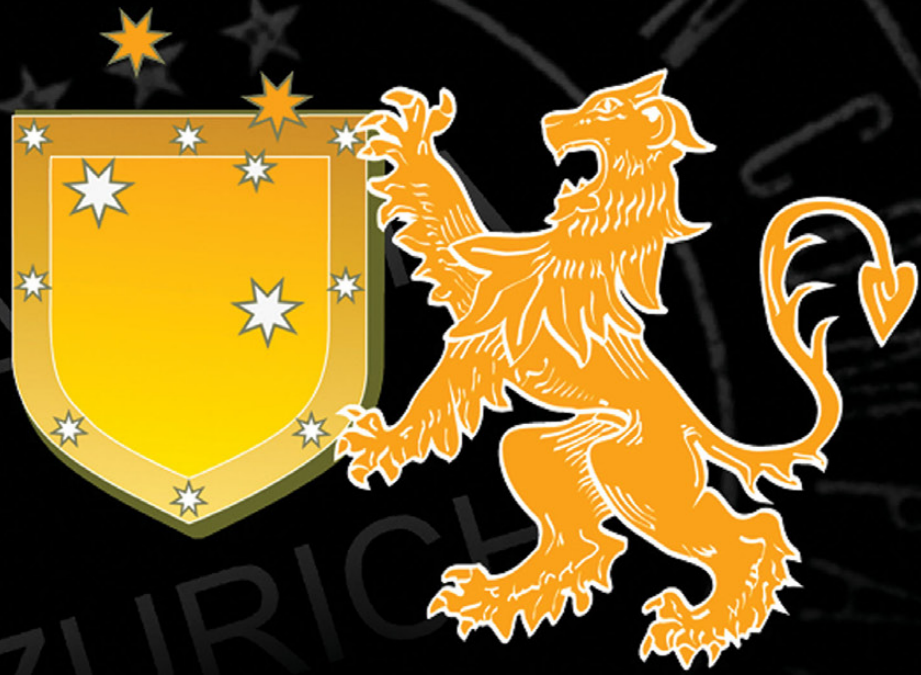
We store our precious metals exclusively on the premises of Emirates Gold where we rent our own vault from Mr. Shakarchi. When he built Emirates Gold, Mr. Shakarchi constructed two large walk-in vaults inside his refinery and one of these is reserved for our use. On rare occasions, we arrange guided tours of the refinery with selected customers and also show them their metal in the vault.

(Q) From your online dinar & dirham shop what is now more popular, gold or silver?

In terms of overall monetary value, it is gold. In terms of quantity produced, it is silver.

You closed our last interview with this quote from Loretta Napoleoni, (Rogue Economics; Seven Stories Press, NY, 2008; p. 341).

<http://www.anglofareast.com>



established 1991

**Anglo Far-East.
“The Original”
Gold and Silver bullion custodian.**

www.anglofareast.com

Contact:

+1 206 905 9961 USA
+ 507 264 0164 Panama
+ 64 9337 0715 New Zealand
+ 61 8 8334 6855 Australia
+ 41 43 500 4218 Switzerland
+ 44 208 819 3911 UK
+ 852 8124 1265 Hong Kong

Email: astanczyk@anglofareast.com



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

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

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

(Q) Because of your business and experience you have a unique insight of global financial developments. What evidence can you share with us that the world is moving closer to the post-globalization era as described in the quote above?

Yes, I believe that the recent financial crisis (which is by no means over as the media try to make us believe) has brought the world closer to a post-globalization era as proposed by Ms. Napoleoni.

Why do I think, the financial crisis is not over? Because governments have tried to treat the symptoms by injecting massive amounts of 'funny' money into a structurally flawed financial system while failing to address the root cause of the crisis which is the parallel market of out-of-control derivative products amounting to 15 times world GDP or roughly 600 trillion USD. It was a tiny fraction of this parallel market which caused the financial collapse in the first place, but our policy makers continue to close their eyes to the real problem hoping that everything would magically turn out ok – which is plain stupid and dangerous. The next crisis is lurking below the surface, waiting to erupt. Except next time around, the world will unfortunately have run out of options.

Today's world could not survive another financial meltdown for the simple fact that our governments have run out of options to buy more time (because that is all they have done so far - they have bought the world more time without fixing the root cause of the problem). The next financial crisis would result in massive sovereign defaults, social unrest and revolts and lead to the eventual collapse of democratic governance. For the people, the outcome could at its worst become comparable to the German situation at the end of World War II.

*The signs for the advent of a **new post-globalization era** are visible all around us. First, the massively increased sovereign debt levels which are quickly separating the bad and the ugly from the good and, secondly, the increased formation of regional power centers.*

Let us first talk about debt. Governments all over the world have tried to buy their way out of the financial crisis by creating debt at an alarming rate. While economic conditions in developed countries have not really improved since the start of the crisis, the size of government debt has changed dramatically. Before the crisis, sovereign debt was already staggering, today it is beyond hope.

*Everybody is so concerned about the debt crisis of the **PIGS countries** (Portugal, Ireland, Greece and Spain), but we dare not even think what might happen if the US (where government debt is reaching 100% of GDP) or Japan (which has the highest sovereign debt to GDP ratio worldwide) would default. While a sovereign default of the PIGS countries would certainly be traumatic for their citizens, Europe and the rest of the world could easily survive such an event.*

If the US however would default on its sovereign debt which is definitely in the cards (a downgrade of US sovereign debt is today openly discussed), the economic world as we know it today would cease to exist. Why – because the US dollar would in that process be devalued close to zero and thereby destroy more than half of all monetary value in existence.

*The **BRIC countries** on the other hand, even though they also have increased their debt ceilings to combat*

Ready to Buy Gold?

Get the very
best gold prices
at BullionVault

- Outright ownership
- Live online dealing, 24/7
- 0.8% down to 0.02% dealing fees
- 0.12% annual storage (insured)
- 8.5 tonnes / 55,000 users
- Choose London, New York or Zurich

+44(0)208 6000 130



BullionVault.com

Professional Gold for Private Investors

<http://www.bullionvault.com>



LBMA
MEMBER

www.lbma.org.uk

the financial crisis, have enormous foreign reserves and sovereign wealth funds which insulate them to a significant extent from the risk of sovereign default.

Let us now turn to regionalization. The disproportional rate of sovereign debt levels and foreign currency reserves has increased the rift between the well-to-do countries in Asia, the Subcontinent and South America (the good) and the not so well-to-do countries in Europe and the US (the bad and the ugly). This is exactly the shift of power Ms. Napoleoni has predicted would occur: a fundamental shift of power away from the developed countries to a new economic power axis extending from China through India, the Middle East, Africa and South America - the so-called BRIC countries. The results of this shift in economic power are increased regionalization and a reversal of economic focus away from export at all costs towards internal development and consumption (we can observe this new trend most clearly in China and India).

What brought this shift in economic power about? The answer is simple: it has to do with the ratio of sovereign debt to foreign reserves and savings. While the BRIC countries have accumulated high levels of foreign reserves due to their singular focus on export at all costs and have managed their debt fairly well, the developed countries continue to spend beyond their means, amass unmanageable debt levels while at the same time facing decreasing levels of savings and sovereign reserves.

*In other words, developed countries have for **too long lived too far beyond their means**. And as each of us knows from personal experience, such a situation will inevitably end in disaster.*

*One of the signs of regionalization is the wide-spread adoption of **barter and alternative currency systems** in Europe and the US. People feel increasingly betrayed by their governments, have lost their faith in the banking system and the financial elite at an alarming rate and see the only saving grace in resorting to their own solutions. Alternative currency systems flourish in Germany and the US, barter systems grow like mushrooms in Eastern Europe. While I admire these initiatives (they are certainly on the right track) and wish them resounding success, I*

*would like to caution that the **only true and lasting alternative to paper-based banking is gold and silver**. Once alternative monetary systems start to be based on gold and silver, the financial elite will certainly pay close attention.*

(Q) Do you work directly with any Islamic organizations or groups that you would like to discuss?

The most important Islamic organization we work with is PAS, the Islamic opposition party in Malaysia, which is also the ruling party in the state of Kelantan and which has gained substantial inroads in other Malaysian states.

(Q) Have you witnessed a global effort today, a movement away from the U.S. Dollar as the world's reserve currency?

Not really apart from the verbal attacks by Chinese, Russian and other government officials who are mostly concerned about the deteriorating value of their own US dollar holdings. In a world of paper currencies where the US dollar makes up almost two thirds of all available currency, there is no real alternative. The Euro in number two position is too small and has problems of its own; the remaining currencies are of negligible quantity and therefore not up for serious consideration.

(Q) In your daily operation, do you see people and businesses following this trend away from the U.S. dollar?

Many of our customers are clearly concerned about the rapid deterioration of paper values – not just the US dollar but increasingly also the Euro and the English Pound – and buy gold and silver as a protection against paper loss and for long-term preservation of purchasing power.

(Q) This may be a rather obvious question but I'm going to ask it anyway. What do you envision as a logical and practical replacement for the dollar? (as a reserve currency in global financial transactions)

I certainly do not envision any of the other existing paper currencies as a serious alternative to the US

GoldMoney

The best way to buy gold & silver

YOUR GOLD HOLDING

Secure • Convenient • Trustworthy



goldmoney.com

Tel: +44-1534-511-977 • Fax: +44-1534-511-988

Copyright © 2001-2010 Net Transactions Limited (Jersey, British Channel Islands) GoldMoney is the Registered Business Name of Net Transactions Limited which is regulated by the Jersey Financial Services Commission under the Financial Services (Jersey) Law 1998.

<http://www.goldmoney.com>

dollar. While the powers-to-be might plan to replace existing paper currencies with a new world currency (a project ready for execution), this experiment will equally fail as did all preceding experiments with paper currencies.

While a single world currency would certainly appeal to political powers for a variety of reasons including the perceived advantage of less visible inflation, paper currencies as James Turk has repeated shown are destined to fail, will always devalue and eventually join all other failed paper experiments in the graveyard of paper currencies.

The only lasting world currency that anybody with some brains would recommend must be based on hard assets, namely gold and silver. **Gold and silver have served us well since the beginning of civilization and will certainly serve us well until the end of civilization.**

There is a recent well-documented study by the World Gold Council which shows that the gold price has a strong positive correlation with money supply growth, a fact that is very pertinent in today's environment of escalating money supply growth. The paper also shows that a surge in the price of gold is an advance signal of higher velocity of paper money and, consequently, future inflation pressures and precedes higher inflation by 6 to 9 months.

In other words, we should be very concerned about quantitative easing measures leading to an increase in the velocity of money and in turn inflation.

The authors furthermore found that changes in the US money supply alone do not solely explain the changes in the price of gold. On the contrary, gold is impacted by many factors world-wide and as such, money supply changes in places like India, Europe, and Turkey also have an effect on its performance. In this sense, gold can be viewed as a very reliable indicator of global future inflation.

(question continued) Possible options may include, SDRs, gold backed currency, gold dinar, a basket of other fiat currency, etc.

No SDRs, no basket of other fiat currencies. A new gold standard looks at first sight appealing, but as

we know from our not too distant past, it is open to political manipulation and will invariably be watered down every time the powers in charge need a quick fix in the form of new money.

The only true and lasting alternative to the US dollar as reserve currency is a **bi-metallic currency based on gold and silver**. Ten years ago when I said this, people thought I am nuts, at least today, in a post-crisis environment, there is an increasing number of recognized economists that propose just that as the only viable way out of the monetary mess we find ourselves in today.

There never has been and there never will be a comparable monetary alternative to gold and silver.

(Q) Since 2008 gold has seen larger % gains in price over the silver market. Are you still forecasting silver to move much higher in the coming years?

The size of the gold and silver market is quite small. The total value of all the gold ever mined is estimated at just \$ 5 trillion (i.e. 165'000 tons of total gold above ground which could be stacked into a large room). Total 2008 gold production is valued at \$ 73 billion. The market capitalisation of all the world's gold producers is barely equal to Wal-Mart and is less than Microsoft. The market value of the oil and gas industry is 12 times larger.

In comparison, the silver industry is much, much smaller yet, with total 2008 production valued at only \$ 10 billion (60% of which are irrevocably consumed by industrial production and not recuperated due to the low value of silver). Just imagine for a moment what one determined investor could do to silver prices as the Hunt brothers have amply demonstrated in 1980. Because of the relative smallness of the silver market compared to the gold market, I am convinced that silver will continue to outperform gold.

There is also a proven adage that a rise in silver prices statistically-speaking precedes any significant run up in gold prices. In other words, if gold prices rise without an associated move in silver prices, the rise in gold prices tends to be fickle and will generally be short-lived.

Or as Doug Casey put it in September 2009: "There's no doubt in my mind that we'll have a mania in gold. And because the gold and especially silver markets are so tiny, the rush into them will be like trying to push the contents of Hoover Dam through a garden hose. Our positions will go absolutely ballistic."

And at a time when global investment demand is seriously picking up, gold and silver supply has been falling, despite a four-fold increase in gold prices since 2001:

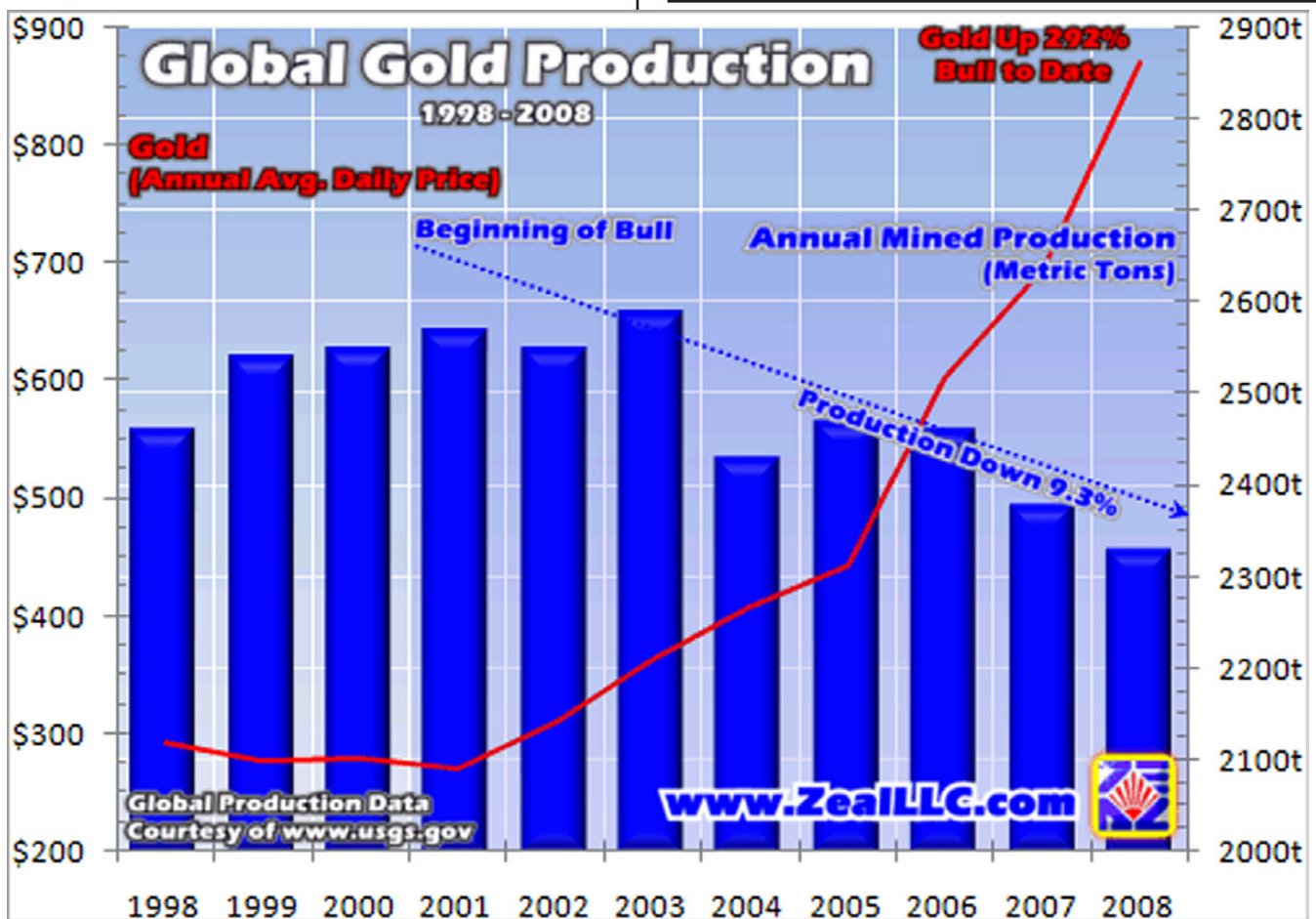
Source; Zeall LLC

shortly visiting me in Switzerland and who is keenly interested in what we have been doing over the past 10 years. He asked us to supply him with Emirates Gold products including the gold dinars and silver dirhams, help him with market advise and provide him with some of our e-payment software. Let us see where these negotiations will take us. Maybe next time around, I have more encouraging news.

###

I WOULD LIKE TO THANKS ZENO FOR TAKING TIME TO ANSWER MY QUESTIONS AND ONCE AGAIN, CONTRIBUTING TO DGC MAGAZINE.

INTERVIEW BY MARK HERPEL



(Q) If I wanted to avoid the fees associated with importing gold and silver from overseas, is there local operation in the U.S. like the e-dinar online shop where I can buy gold dinar or silver dirham?

Unfortunately, at present we have no representative selling our gold and silver medallions in the US. I am in ongoing negotiations with a US trader who is

GOLDMONEY ANNOUNCES HONG KONG STORAGE FACILITIES

25 March 2010 - GoldMoney, one of the world's largest providers and holders of physical bullion for retail investors, is set to become the first western dealer to offer its customers bullion storage facilities in Hong Kong. The company is offering its customers storage facilities for gold in the Hong Kong vault and plans to broaden the facility to include silver and platinum.



THE ISLAMIC GOLD DINAR

Personal Finance Perspective

Government of Pakistan has reported a Consumer Price Index (CPI) increase of 104.29% from the year 2000 to 2009¹. In simple words, what this means is that for the items you could purchase for Rs. 100/- in the year 2000, you would need Rs. 204/- to buy the same items in 2009. Since the real purpose of money ultimately lies in its ability to purchase goods and services, we can say that your wealth, if deposited in a regular bank and left there in this period, would have practically "halved".

If, on the other hand, you had purchased Gold worth of Rs. 100/- back in 2000, its average price increase over this period has been approximately 300%². In other words, your wealth would have tripled had it been invested in Gold.

In fact, gold is such an excellent hedge against inflation that it has maintained its purchasing power throughout history. Consider the following Hadith, relating an incident in the lives of the Companions of the Prophet (sm) 1400 years ago.

Narrated Urwah ibn Abul Ja'd al-Bariqi: The Prophet (sm) gave him a dinar to buy a sacrificial animal or a sheep. He bought two sheep, sold one of them for a dinar, and brought him a sheep and dinar. So he invoked a blessing on him in his business dealing, and he was such that if had he bought dust he would have made a profit from it³.

From this Hadith, we can tell that in the time of the Prophet(sm), Sheep could be purchased in the price range of 1 to 2 dinars. The Islamic Dinar used to be 4.75 grams of 22K gold, which means that based on the Gold price on 1 September 2009, it would be approximately equal Rs. 10,600/-⁴. This is very close to the price at which you can purchase a goat in Pakistan in September 2009. This means that over a span of more than 1400 years, there has practically been no inflation had gold been used as a currency and store of wealth.

To further reinforce our example, consider the price of mutton in the time of Mughal Emperor Akbar, reported to be around 0.72 grams of silver per kg⁵. Extrapolating this price back into Pakistan Rupees, we get a very similar value of Rs. 10,188/-⁶.

Compare this consistency in Gold's ability to maintain its purchasing power over 1400 years, as opposed to the manifold increase in commodity prices in terms of national currencies in just a matter of 60 years since our independence. Investment in Gold and Silver is indeed one of the most secure ways of preserving and increasing your wealth!

<http://egold.pk/home/>

REFERENCES

1. Monthly Review on Price Indices, August 2009, Government of Pakistan, Statistics Division, Federal Bureau of Statistics. Chapter 8. Complete time-series of indices since base year. Page 15.
http://www.statpak.gov.pk/depts/fbs/statistics/price_statistics/monthly_price_indices/mpii8/cpi_details.pdf
2. Approximation based on statistics published by the London Bullion Market Association on their website at <http://www.lbma.org.uk/stats/goldfix>
3. Sahih Bukhari (Kitab Al-Buyu) Book 22, Number 3378
4. Using the formula: 950 (Gold Price in USD/oz) x 80 (USD-Rupee Conversion) x 4.75 (weight of Dinar) x 1/31.1 (Oz to gram conversion) x 22/24 (Adjustment for dinar's purity of 22K).
5. Taken from "Living Standards in the Past: New Perspectives on Well-Being in Asia and Europe", edited by Robert C. Allen, Tommy Bengtsson, and Martin Dribe, Oxford, Oxford University Press, 2005, chapter 5. Original source is the translation of Abul Fazl's Ain-i-Akbari compiled in Agra circa 1595 referenced through "Ain-i-Akbari of Abul Fazl-i-Allami" (1949) translated by Jarrett, H. S. Calcutta: Royal Asiatic Society of Bengal.
6. Using the formula: 14.74 (Silver Price in USD/oz) x 0.72 (Price/kg of mutton in time of Akbar) x 80 (USD to Rupee conversion) x 12 (approximation applied to calculate price of whole goat)

ISLAM, MURABAHA AND FIXED DEPOSITS

by Imran Nazar Hosein

<http://www.imranhosein.org/>

Wednesday, 01 Sha 'ban 1428

Islam has declared war on the moneylender who demands interest. It did so in the very last divine revelation (al-Baqarah, 2:279) to come down in the Holy Qur'an. Here is that last revelation:

“O ye who believe! Fear Allah, and give up what remains of your demand for usury (i.e., the interest due on a fixed deposit, or on any other loan on interest), if ye are indeed believers.” If ye do it not (i.e. if you persist in your claim or demand for the interest due to you), *then take notice of (a declaration of) war from Allah and His Messenger: but if ye turn away (from such claim or demand), then you are entitled to the return of your capital sum (placed in the fixed deposit or otherwise lent); do not enter into (such) unjust transactions, nor allow yourselves to be subjected to such.*

If (you forgo the interest due to you and then find) the debtor in a difficulty (in respect of returning the capital sum that was lent to him on interest), grant him time till it is easy for him to repay. But if ye remit it by way of charity, that is best for you if ye only knew.

And (in this matter in particular, i.e., lending money on interest) fear the Day when ye shall be brought back to Allah. Then shall every soul be paid what it earned, and none shall be dealt with unjustly.’

(Qur'an, al-Baqarah, 2:278-281)

Prophet Muhammad (peace be upon him) declared that the consumption of even a Dirham (a silver coin worth a few dollars) of Riba (usury) was equivalent to “committing adultery 36 times”. He also declared that Riba was comprised of 70 parts and that the smallest part (was so bad that) it was equivalent to “a man marrying his own mother”. Indeed “he cursed all four, and declared that they were all equally guilty—the one who took Riba (i.e., the money-lender), the one who gave Riba (i.e., while paying interest on a loan), the one who recorded the transaction (hence bank personnel), and the two witnesses.”

Fifty years ago my own Muslim community of Trinidad and Tobago was led by Haji Ruknuddin (may Allah have mercy on him). He was a leader who both ‘knew’ and ‘lived’ Islam. At that time a Muslim money-lender appeared on the scene and the leader of our community made every effort to get that man to give up his money-lending. When he failed in that effort he responded by prohibiting Muslims from even having a meal in the moneylender’s home. The Muslim community obeyed the command of its leader.

But times have since changed, and our Muslim community is now led, with but few exceptions, by men who neither ‘know’ nor ‘live’ Islam, and by scholars who betray Islam. We even have Muslim leaders here in Trinidad who are consummate money-lenders, placing their money in highest yielding fixed-deposits in the international money market. They then use their bloated check-books that drip with the blood of the masses they have exploited, to bribe their way into winning elections and assuming posts of President-General of Islamic organizations. Those with the intellectual acumen of cattle then legitimize such (checkbook) leaders.

Even Islamic scholars have fallen by the wayside so badly that when a Trinidadian (money-lending) bank organizes a function to commemorate Eid al-Fitr, an Imam who is described as a Maulana accepts an invitation to deliver a feature address at the function. Then his photograph appears in the daily newspaper posing with bank officials. And so, there is both widespread ignorance of the divine law pertaining to the prohibition of Riba, and, worse, wanton violation of that law.

In this essay we direct attention to ‘Fixed Deposits’ as well as to so-called Murabaha transactions in an attempt

to explain such to be ‘money-lending’ transactions.

At the heart of the Islamic prohibition of usury (Riba) is the maxim that if you do not plant, you cannot reap. This constitutes a rejection of the false claim to a ‘time-value’ of money. Money by itself cannot increase over time without any input of labor, or without the risk (of loss or of gain) inherent in an authentic business transaction.

The blessed Prophet declared that any transaction involving an exchange of ‘money’ for ‘money’ must be an equal exchange, i.e., with no difference in amount of money exchanged. He declared that an unequal exchange (that would open the door for money to increase over time) would be Riba. Islam also insists that all business transactions must involve risk – and hence ‘profit’ or ‘loss’. Allah Most High can then intervene to distribute and redistribute wealth by taking from some and giving to others. In this way the rich would not remain permanently rich, and the poor would not be imprisoned in permanent poverty

In his masterpiece entitled ‘Merchant of Venice’, William Shakespeare likened Riba or usury to a ‘pound of flesh’. And in a dream Prophet Muhammad saw the moneylender exposed as a ‘bloodsucker’ since he was standing in a river of blood. We noted earlier that the Prophet cursed “all four”, and declared that “they were all equally guilty—the ones who ‘took’ Riba, ‘gave’ Riba, ‘recorded the transaction’, and ‘the two witnesses’.” Whoever dies with the curse of a Prophet upon him can never escape the hellfire. The Qur’an itself declared that the moneylender would be punished with eternal hellfire:

“Those who devour usury will not stand (before their Lord for Judgment) except as stands one whom Satan by his touch hath driven to madness. That is because they claim that: ‘Business is like lending on interest,’ but Allah hath permitted business and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who persist (in claiming the interest due from fixed deposits or other such loans on interest) are Companions of the Hellfire; they will abide therein (forever).”

(Qur’an, al-Baqarah, 2:275)

What, then, is the status of someone who makes a ‘Fixed Deposit’ with his money in a bank or any other financial institution? It should firstly be clear that he has not gifted the money. It must also be recognized that he has not entered into a ‘business’ transaction since he is guaranteed the return of his money plus an additional amount. There is no risk. There is no possibility of loss. And hence that is not business! In fact, in making a ‘Fixed Deposit’, he has lent his money on interest (Riba), and has hence become a cursed moneylender. Those (Muslims, Christians, Hindus, etc.) who read this essay and, in consequence of fear of Allah’s eternal punishment, promptly respond by breaking their ‘Fixed Deposits’, would want to know what they could do with their Riba money. They can neither use it themselves, nor can they give it to others as charity.

BACK-DOOR RIBA

Islamic Banks and other Islamic financial institutions are today lending money on interest through the back-door by disguising a loan as a sale on credit. They call it murabaha! But it is most certainly not murabaha! It is Riba! What the bank does is to offer an item on sale in a credit transaction with a price substantially higher than the cash price. While credit transactions are Halal, since the blessed Prophet (sallallahu ‘alaihi wa sallam) himself engaged in such transactions, there is no evidence that the credit price in such transactions was ever higher than the cash price. When credit price is higher than cash price then the implication would be that time has value. And the essence of Riba is that money grows over time. When a client wishes to purchase something, but does not possess the cash with which to purchase it, the so-called Islamic bank enters into the fiction of purchasing the item at its cash price and then selling it to the client on credit. The interest charges are added to the selling price thus making a credit price for the item substantially higher than the cash price.

In fact the bank never actually purchases the item. Rather, it writes out a check to the client who then purchases

the item in his name with the bank holding a lien on the item until the sale price is eventually paid to the bank. The bank therefore sold something that it never actually owned – and that is Haram! In actual fact the ‘sale’, also, was entirely fictitious. What the bank actually did was to ‘lend’ a specific sum of money on interest over a specific period of time and to then denominate the ‘loan’ in the amount of a final total that included the total interest payments as money due on a ‘sale’.

It is when the client defaults on payment of installments of money due to the bank that one is treated to ridiculous and utterly scandalous financial gymnastics. Consider the following: a client entered into a so-called murabaha transaction with an unnamed Islamic Bank to purchase a house with a market price of \$500,000. The bank wrote out the check to him for \$500,000. with which he then purchased the house in his name. He thus became legal owner of the house. The bank then transacted with him a fictitious sale agreement to sell to him on credit a house that the bank never owned (and hence could not sell) for a total of \$1 million. The difference between the credit and cash prices was thus \$500,000.

One month after entering into the agreement the client defaulted on his payments. The bank then repossessed the house and sold it on the open market for \$500,000. But the bank went on to sue the client for an outstanding balance of almost \$500,000. The court, however, dismissed the claim and ruled that the bank was entitled to nothing more than the interest payment for the actual duration of the contract (i.e., the amount of time it took the bank to recover its \$500,000.)

We have a stern warning to deliver to those scholars of Islam who persist in defending the so-called murabaha transactions of Islamic Banks today. They defend the transaction with Fatwas (fatawa) that are as invalid as the Fatwas (fatawa) which today blindly declare paper money of the modern world to be Halal, and would equally blindly declare tomorrow’s ‘electronic money’ to be Halal. If they obstinately persist in their defense of today’s so-called Murabaha transactions, and then learn in Allah’s court that it was not Murabaha but Riba, at that time they cannot plead for mercy from Allah for they will have misguided people, nor can they say “I did not know”.
<http://www.imranhosein.org/articles/islam-and-money/100-islam-murabaha-and-fixed-deposits.html>

About Imran Nazar Hosein

He was born in the Caribbean island of Trinidad in 1942 from parents whose ancestors had migrated as indentured laborer from India. He is a graduate of the Aleemiyah Institute in Karachi and has studied at several intuitions of higher learning including the University of Karachi, the University of the West Indies, Al Azhar University and the Graduate Institute of International Relations in Switzerland

He worked for several years as a Foreign Service Officer in the Ministry of Foreign Affairs of the Government of Trinidad and Tobago but gave up his job in 1985 to devote his life to the mission of Islam. He lived in New York for ten years during which time he served as the Director of Islamic Studies for the Joint Committee of Muslim Organizations of Greater New York. He lectured on Islam in several American and Canadian universities, colleges, churches, synagogues, prisons, community halls, etc. He also participated in many inter-faith dialogues with Christian and Jewish scholars while representing Islam in USA. He was the Imam, for sometime, at Masjid Dar al-Qur’an in Long Island, New York. He also led the weekly Juma’ah prayers and delivered the sermon at the United Nations headquarters in Manhattan once a month for ten years continuously.

He is a former Principal of the Aleemiyah Institute of Islamic Studies in Karachi, Pakistan, Director of Research of the World Muslim Congress in Karachi, Pakistan, Director of the Islamic Institute for Education and Research in Miami, Florida, and Director of D’awah for Tanzeem-e-Islami of North America.

He has traveled continuously and extensively around the world on Islamic lecture-tours since graduating from the Aleemiyah Institute of Islamic Studies in 1971 at age 29. And he has also written more than a dozen books on Islam that have invariably been received with public respect. Indeed, ‘Jerusalem in the Qur’an - An Islamic View of the Destiny of Jerusalem’ has become a best seller and has been translated and published in several languages.

The Worlds Local Exchanger



**Gold
Now**

www.GoldNow.St

<http://www.goldnow.st>

US: +1 (213) 341-1583

CA: +1 (418) 210-3942

MX: +52 (0) 55 535-11-443

UK: +44 (0) 208 150-6659

FR: +33 (0) 4 886-70-302

IE: +353 (0) 766-153-669

AU: +61 (0) 3 9017-1975

NZ: +64 (0) 9 974-2009

US Fax: +1 (213) 559-8555

Skype: goldnow

Email: kelly_clan@fastmail.fm

DIGITAL CURRENCY SOCIAL LENDING ON FACEBOOK

What is Social Lending?

The history of social lending goes back to the 1800s however, since the creation of the Internet, social lending has gained massive popularity around the globe. Web sites such as: Prosper <http://www.prosper.com/>, The Lending Club <http://www.lendingclub.com/> and Zopa <http://www.zopa.com/> have opened the marketplace, and social networks like Facebook are providing direct user connections for these services.

As an alternative to traditional banking, everyday borrowers are increasingly seeking funds from social lending networks. This week, The Lending Club surpassed \$1,000,000,000 in loan demand, while announcing that during the month of February the company hit a new monthly record in loan applications.

Unlike Zopa <http://www.zopa.com/> and other services where lenders are matched with borrowers using a profile based on the terms of the deal, 'digital currency social lending' on Facebook occurs direct between existing known contacts.

Borrowers seek money from family, friends and people whom they already know. For example Webmoney lenders will have already connected online before the creation of a loan. The digital currency social loan is crafted by borrower and lender working out their own terms directly with each other.

Other social lending platforms such as GreenNote <https://www.greennote.com/> were set up as alternatives to traditional banking but focused on a specific group of borrowers. GreenNote's social network was created to help students obtain loans for education and schooling. Webmoney Transfer permits lending to any other Webmoney user.

Just as digital currency is money that circulates outside of normal

banking channels, social lending is borrowing that takes place outside of traditional banks. Social lending or P2P lending is generally recognized as a private financial transaction (lending or borrowing) which occurs directly between individuals without the participation of a traditional financial institution such as a bank. Webmoney's Facebook application makes it easy to loan or borrow from another user with just a few clicks of the mouse. Since Webmoney offers more than 50,000 exchange points in over 40 countries where users may convert digital Webmoney into national currency, all transactions completed through Facebook's Webmoney application have real financial value.



For over a decade Webmoney Transfer has been using the Internet to construct new ways for customers to interact with global financial services. This development of a Webmoney social lending application for Facebook is a direct response to new Internet social trends. The growth of online lending highlights the steady demand for new type of online of digital currency products.

Offered for Facebook and Vkontakte users, this social network application is a relatively new Webmoney service. It easily allows Webmoney or Vkontakte users to borrower directly from another Webmoney user. In case you are unfamiliar with Vkontakte, it is the most popular social network service in Russia, Ukraine and Belarus. With more than 57 million users it is the leading web site across Europe in terms of user visits, page views and data transfer per day. Translated into English "V Kontakte" is "In Contact", but basically means "In Touch".

To borrow funds through the social network you first ask a person from your Webmoney contact list to set you up with a trust limit.

A user's Trust Limit pegs the borrower's maximum limit for any transaction and is a general reflection of how much the other Webmoney user trusts the user! After the Trust Limit has been set, friends and associates are permitted to borrow directly from through the lenders





Borrow
trustees



Repay
lenders



Collect debts
borrowers



Lend
all offers



Top 100
borrow

Facebook or Vkontaket account at any time. This direct P2P lending connection provides flexibility for the borrower and lender to negotiate their own loan terms. Both interest-bearing and interest-free loans are possible. Neither Facebook nor Webmoney charge any additional fees for this transaction. The process is simple to complete: when receiving a loan the user agrees to the terms, registers the loan and receives the funds into their purse. Repayment of the loan can occur in parts or in full, ahead of schedule or at the end of the Loan Period. The funds are returned to the same Purse which originated the loan.

Person-to-person lending models, such as this one, attempt to reintroduce social components that are lost in traditional centralized banking transactions. The Webmoney Social Lending application is a fully operational virtual purse Social Lending platform. It allows a user to focus on borrowers and lenders whom they already know. Webmoney/Facebook users can:

1. *Invoice a Facebook friend or another Webmoney user*
2. *Send Webmoney to any Facebook friend*
3. *Send Webmoney to make payments for services and utilities such mobile phones, internet or TV. (users across Russia and Ukraine only right now)*
4. *Loan, borrow or pay back loans to any other Facebook/Webmoney user using the Social Lending application*
5. *Top up your account using one of Webmoney's prepaid cards, (purses include WMZ, WMR, WME)*
6. *Top up your Russian based WMR account using one of the convenient pay terminals*

The ease of use for this application is stunning. With one click of the mouse, account holders can loan cash to friends, repay debts or "lend to all offers". Details of the loan are worked out between each party and there are no additional fees on top of the normal 0.8% Webmoney transaction fee. Only the sender will be charged. Other social lending companies such as Prosper generates revenue by collecting a one-time fee

on funded loans from borrowers, and assessing a 1% per annum loan servicing fee to lenders. Webmoney social loans have no additional fees. Since this application is rather new, right now there is a daily limit is 30 WMZ (usd), 1000 WMR, 20 WME.

Specifics of the Loan Transactions (the fine print)

All loans are made in WMC units which is a type of e-currency in the WebMoney Transfer system. WMC e-currency is a simple loan obligation (the obligation to transfer the creditors a certain sum of WMZ within a set period of time). The amount of units in a WMC-Purse coincides with an identical quantity of WMZ (the U.S. Dollar Purse) WMC is equivalent to WMZ for credit operations. In other words all of these loans are transacted in the value of U.S. Dollars and the unit for lending is found in the WMC-Purse. A C-Purse is used for the accounting of received credits.

Users may only have one WMC-Purse and once created no one can delete this purse. The C-Purse transaction history stores the permanent records of ALL promissory notes issued to creditors. Consequently, if you develop rotten credit, you can't hide it!

On the other side of the account is the WMD-Purse. (No, that does not mean Weapons of Mass Destruction) WMD is a type of e-currency which is equivalent to USD for credit operations in D-Purses. Again this is just a simple unit of accounting for loans that a user issues to other users. In other words, if you are on the receiving end of the transaction you would get WMC. If you are the originator of the loan sending it out, you are paying out WMD and all transactions are accounted for in dollars.

This is an amazing system to use and in case you have not yet connected through the Webmoney Social Lending application on Facebook visit it here:

<http://apps.facebook.com/webmoney/>

ARTICLE BY MARK HERPEL

Recommended Exchanger



SwapGold

fast • secure • global

- » official exchanger of all major e-currencies
- » trusted by thousands since 2006
- » best rate to buy/sell/convert e-currencies
- » very fast processing

<https://www.SwapGold.com>

Are you afraid that your hard-earned money will get...



- ✓ cheated by exchangers who are scammers?
- ✓ mishandled by small & inexperienced exchangers who cannot handle large amounts?
- ✓ delayed by exchangers with lousy service & support that takes days to reply you?

Here are 3 top reasons why thousands of customers trust us since January 2006:

1 We are legal & reputable

- We are a legally registered company in Singapore.
- We have been extensively verified by reputable authorities.

2 We are experienced & efficient

- You are served by an experienced team operating daily & serving thousands of customers since January 2006.
- Our team earned 100% praises & zero complaints on public forums & blogs since January 2006.

3 We value your privacy & security

- Your orders are insured with a US\$1 million warranty by Comodo.
- We use SSL-encryption on our entire site to protect your privacy & security.

Therefore, you can have an absolute peace of mind when you use our services.

<https://www.swapgold.com>

Introduction to the Islamic Gold Economy

<http://www.egold.pk>

While the terms “Islamic Banking” and “Islamic Finance” have become fairly common, we expect very few people to have previously heard the phrase “Islamic Gold Economy”. Therefore, it is important to take some time to explain what we mean by the Islamic Gold Economy, and why is it so important.

Up until now, a whole range of literature has been produced on the subject of Islamic economics, and some of the work done in this domain is of good quality and merit. But a common shortcoming in many proposed solutions is that they try to introduce Islamic economic ideas as an island in a larger economic context whose fundamental underpinnings are inherently un-Islamic. We, in contrast, propose to introduce a solution that addresses the very roots of the problem by through an end to end economic system that addresses the root causes of our economic problems. The cornerstone of our solution for an Islamic economic model is that it does not simply stop at recommending interest-free banking, but rejects the whole system of money-creation prevalent today based on fractional reserve banking. We propose the adoption of a 100% gold-backed currency, and abolition of fractional reserve banking and money creation by the banks. An informal broad overview of our proposed Islamic Economic System is presented below:

1. MONEY

All money, or legal-tender, should consist wholly of a full-bodied commodity (e.g. coins or bars of metal), and all money substitutes (e.g. paper notes or debit cards) would simply be claims equivalent to an equal amount of a physical reserve of the chosen money commodity.

2. SPECIE

The choice of the physical commodity, or specie, to act as money would consist of gold and silver, as indicated by both the Sunnah, and conventional historical wisdom and universal consent.

3. PARALLEL CURRENCIES

Both gold and silver would exist as the basis of two parallel monetary systems, or currencies (e.g. the gold dinar and the silver dirham). The exchange rate between the two would be free floating determined by the market. (Government enforcement of bimetallism using a fixed exchange rate may be allowed in special cases, as this idea does not constitute a basic building block of the Islamic economic system, and is more of a discretionary choice of the societies involved).

4. UNIT OF MONEY

Irrespective of the name chosen for the currency (e.g. Rupee or Dinar), each basic unit of money in that currency would be permanently defined as being equivalent to a fixed amount of gold or silver. The token or face value of the currency would be directly dependent on its weight, and no seigniorage would be allowed on part of the issuer. (Governments may devise means of charging for the brassage of coins, but this would not be allowed in the form of raising the token price of the coins produced beyond their physical value)

5. PRIVATE MINTING

As a natural consequence of the adoption of this form of currency, private minting of money becomes legal by law, where the private issuing authority can use market forces to establish their credibility that their issued coins conform in weight to the standard units of money.

6. MONEY SUBSTITUTES

Money substitutes, such as paper and electronic, would be allowed to exist, as long as their role is merely to act as warehouse receipts of the physically stored money. At any one time, only a money substitute, or the real money, can be in circulation, but not both.

7. BANKS DEPOSITS

Irrespective of whether they are called Banks, or Baitulmaal, some fundamental reforms in the

operation of all financial institutions would be made. All accounts maintained by banks would be operated as specific deposit warrants instead of general deposit warrants. One implication of this would be that the deposits maintained by such banks would not appear as balance on the banks books of account. The deposits would remain the property of the depositor, and not just a liability on the bank to repay its equivalent amount of money to the depositor. In other words, this would imply that banks must operate on full reserve and not fractional reserve.

8. BANKING SERVICES

All regular banking services would continue as currently, including safekeeping and transfer of money. The banks may charge a fee for these services, but they would not be allowed to reflect customer's deposits in their own books of account as the bank's money. This implies that money available to the bank for loans and financing would either come from the bank's own resources, or that which depositor's specifically allow the bank to use for this purpose under a contractual relationship. This is to prevent banks from 'creating money', as now the money would either be owned by the depositor, or loaned to the bank, but not both.

9. LOANS AND FINANCING

All regular banking services regarding issuance of loans and financing of business operations would continue as currently, except that all such contracts will comply with Islamic principles of Murabaha, Ijara, Mudaraba, Musharika, Salam and Istisna etc. But an important difference in these arrangements would be that the bank would only act as brokers or mediator between the lenders (bank depositors), and recipients of the loans. The recipient of the loan would not have a liability to the bank, but to the

actual depositors of accounts in that bank who signs up for participation in this particular loan. Banks may either charge a fee for mediating the loan, or become a shareholder in the project thus being financed.

10. INTEREST

It would be illegal to charge interest on money, and any contract to pay in excess amount of money than what the borrower initially took would be considered legally void.

###

Dubai Proposes Gold Coins as UAE Legal Tender

With interest in gold investment around the globe at the highest level it has ever been, the Dubai Multi Commodities Centre (DMCC) has proposed that the UAE Central Bank issue gold coins that will be legal currency for the first time in the modern history of the Middle East. The proposed design for the new currency has the President of the UAE, His Highness Sheikh Khalifa bin Zayed on one side and the world's tallest building, the Burj Khalifa on the obverse. *(The 828-metre Burj Khalifa is a symbol of international co-operation, an unparalleled feat of engineering and a work of art. The tallest free standing man-made structure, with over 160 stories, is also one of the most recognized landmarks in the world.)*

Does the issuance of Dubai's new gold currency signal a move towards a gold-backed UAE currency?

No. Gold bugs and financial experts in the region note that any assumption of backing the country's currency with gold would be "presumptive and premature". Presently, the UAE does not have any official gold reserves and sales of the Dubai Gold ETF have been disappointing.

According to Dubai based freelance journalist Peter Cooper (<http://arabianmoney.net>) -The new coins would join the ranks of other gold coins that are legal tender such as the Australian Nugget, British Sovereign and South African Krugrand that are already popular with investors in gold in the UAE.

INTRODUCING THE GOLD DINAR

We sell and purchase the Islamic Gold Dinar through our membership based barter-trading system eGold Amanah
<http://amanah.egold.pk>





~~ИСПОВЕДЬ КАРДЕРА~~

CONFESSIONS OF A CARDER

BY ALEKCEY MALOV

MOSCOW, 2008
THE BANK BUILDING
ON TVERSKAYA STREET

— Good afternoon. Young man, how can I help you?

— Good afternoon, I would like to cash some money. A week ago my friend from the USA has made a wire transfer into my name. I hope it's arrived already.

— Let's take a look. Your documents, please?

— Here you are.

The clerk girl has taken my passport and started to check something with the database in the computer. A few minutes has passed and she got this surprised look on her face.

— Sergey Andreyevich, could you come here for a moment?

— What happened, Svetlana?

— We have a transfer for the young man here who is trying to open an account in our bank.

— So, what's the problem?

— The amount, Sergey Andreevich.

The manager took one look at the monitor and his eyes also became the size of quarters. He took my passport in his hands, kept checking the data for some time and even checked whether the document was fake:

— Smirnov Gennadiy Stepanovich, I'm happy to greet you in our bank. Allow me to offer you some coffee or tea?

— No, thanks, I'm in a hurry. — Gennadiy already had an approximate understanding about the sum

of the transfer, so he wasn't really surprised by the dumbfounded looks of the clerk and the branch manager. — Would you cash the whole amount, please?

— I'd love to, but we're going to need time for that, — the manager lingered, thinking that there is basically enough money in the safe, but they would definitely have to close the branch for the day.

— Okay. One percent from the amount will be yours if I won't notice this time.

— The manager made a frantic gulp and quickly rushed to the inner sanctum. Not even twenty minutes have passed, as he came out with a briefcase.

— Gennadiy Stepanovich, here is your money, you can come into my office and count everything.

— Thanks. I trust you. — The young man opened the briefcase and gave a couple of banknote stacks to the manager. — Cheers.

After the bank, Gennadiy headed straight for the "Zhiguli" with tinted windows, parked on the other side of the street. In the car he handed the briefcase to a guy in the backseat.

— Take your twenty percent right away, — said he.

— Okay, but can I ask you where you get this kind of money from? — Gennadiy pulled a few stacks out of the briefcase.

— Of course, it's all very simple. I'm your regular financial partisan. And this money is from our kind American comrades who care about the growth

of our economy. Does the word “carder” mean anything to you?

— No, — said Gennadiy.

— Well, don't ask then. Thanks for your work, you may go.

— Gennadiy exited the car and, with a smile, headed home. Peacefully resting in his backpack were more than sixty thousand bucks, so he was in an excellent mood. In a week, he had a rather rude visit from the police and Interpol.

MOSCOW, 2004

The 90's were over, the mayhem was over, they stopped shooting even in St. Petersburg. Russia was regaining its health, thunderously crashing into the world economy. There were more tycoons than there were mushrooms after the rain.

Those who already had the opportunity to use their brains (and, somewhere, pistols) were reaping what they sowed. We finally had a strong and charismatic leader, the Czar and father figure whom the people could trust. Everything was slowly getting back to normal. Pelevin's "Generation Next" has quieted down, some were quieted down and everyone took their spots by the feeders.

Though, a new generation has grown up: children of the 90's who have seen and eaten the real stone soup, who have went through the poverty with their parents-on-a-budget, now they were the ones who had to be checked for toughness.

They have come of age, but were too late for the property exchange. They are the ones who go to work as waiters, bartenders and they feel the taste of money, big money for them. Having earned \$80-100 a day on tips they feel like they are kings, but they understand that those who have left those tips have way more. The young generation sees how the older ones party, what kind of women surround these unattractive people and they want to be the same. But how? I got into the Internet pretty early, so by 2004 I felt there like a fish in the water. Then, only knowing HTML, I was easily creating pages and sites, gaining respect from those who have discovered the worldwide web much later.

I was sitting in chat rooms and online-games for days. It's like a drug, much stronger than heroin, but, thankfully, much cheaper. Having abandoned work, I spent all of my time by the computer.

Two-three days without sleep became the norm because it's so cool – to always know what's going on, even if it is only in the virtual world.

But in a month, the first reality call rang – I had to pay rent and I had nothing to pay it with. Four hundred bucks wasn't much, but where do I get them? I have completely given up my bartender job, there was no way back, I don't really know any other ways to get dough. Although...I remember, while searching for some information I needed in the depths of the Internet, I saw something about earning money on the Web. I sit by the computer day and night anyway, may as well get some use out of it. Having put "earning money online" in the search engine, I went link surfing. Every site I visited offered me to follow links onto specific sites and hang out there for 60 seconds. Every link followed – up to 20 cents.

As soon as you get 50 dollars, you get a check sent out to your name. How simple, I thought, following my first links. I had to spend time on ridiculous websites with ads on how to increase your penis or breast size.

And these ones were just flowers. There was worse too. Only now I noticed that the pay for one link followed wasn't one-fifth of a dollar. It was one-fifth of a penny. Having counted how much time I am going to waste to earn just 50 lousy bucks, I dropped this thing. And it was a good thing too. Turned out that in the financial section of the contract, it was written in fine print: no checks are currently being sent to the CIS countries. I continued my search. I gained respect for the guys that created the search engine, the robot. In the end of the 90's, when the Internet was only gaining popularity in Russia, you had to remember or write down the majority of site names. We would write down the sites how they sounded in Russian and wrote them with Latin letters with Russian domains. If I needed to talk to somebody, I would type in chat.ru in the address prompt, and so on. Other sites we would come to know through the ones we already knew, thanks to primitive advertisements.

After half an hour of searching in Google, I found what I was looking for Forum xakepy.ru

All kinds of hackers and carders would gather here (as if I knew who they were back then). From certain messages I understood that people here make money, maybe if in not very legal ways. Hackers would sell their programs for data gathering as well as offer their services to cause all kinds of trouble. Carders were the opposite, they kept always buying something. All over the place were scattered classifieds that I didn't understand: will buy cardboard, will wash and cash dirt, need drops, will buy a stick, etc. I decided to study the newbie section first, where I was hoping to find at least some answers to my questions.

And I wasn't wrong, at least many abbreviations now made sense. For example, "cardboard" (aka "cc") – is a credit card, a "drop" is a front man in whose name money transfer is made or merchandise is sent. The "stick" turned out to be the international payment system PayPal, and to "buy a stick" meant to acquire hacked user accounts. The virtual world of financial machinations has become a bit clearer and I dashed to

study how payment systems worked in practice.

The first payment system in my way was Webmoney. To hack it, as the salty seadogs claimed, was unreal. It's rumored that the creators of WM (Webmoney) once opened an online wallet in their system and put one million dollars on it. They have spread the information and declared that the one who will be able to hack the wallet, can keep the money, nobody will report anything to the police. Hackers throughout the world have darted to climb the financial Everest, but in the end money remained untouched. Whether it is a rumor or the truth, to this day Webmoney was considered the safest system, plus all the transfer information was hidden from all tax and revenue services and it was anonymous (that is, back then it was like that. Now, as different sources say, WM leaks all the info to the government at their first request), which gave us the possibility to conduct deals on any scale. Therefore, I had to start with that particular financial instrument; otherwise you are not going to make anything in the world of carding and hacking.





WHAT IS eGOLD

eGold is a private company, led by a vision of pioneering a true Islamic economic system in Pakistan. Our goal is to bring value to our customers in Pakistan by allowing them to invest in Gold and save their hard earned wealth from being eroded away through inflation and rising prices. We offers services for sale of various precious metals products, safe keeping of metals assets, and facilitating the usage of gold and silver as a medium of barter exchange between individuals and businesses. Along the way, we also hope to demonstrate how a model Islamic organization can operate without fractional reserve, interest and Riba, and still be profitable and self-sufficient. In order to raise its customer confidence, we have devised three different schemes in which we can hold your metals assets:

- **eGold administered storage**
- **Customer association administered storage**
- **Known public figure's administered storage**

We hope that you will take maximum advantage of these facilities, and pave the way towards establishing a model Islamic economic system in Pakistan. <http://amanah.egold.pk/>



PAYSBUY, the online payment provider in Thailand, can now accept payments from PayPal account holders around the world.

www.paysbuy.com





CENTREGOLD

Buy digital currency with credit card

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

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

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

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

<http://cg2wm.com>.

Update: new and very demanded payment methods are coming.

Go and see it yourself.

<http://centregold.ca>

After another sleepless night was over, I had a cup of coffee and ran to look for a store where they sell Webmoney cards. I decided to spend my last money on the Web. It turned out I didn't have much, only 30 dollars, but, at least, it should be enough for 5-6 "cardboards", meaning stolen credit cards. I decided to start with the simplest thing, with a punch-in. What's a punch-in you're going to ask? I buy electronic copies of credit cards, and with their help I pay for necessary merchandise in European and American Internet shops.

Then you can sell the merchandise for real money. I'll bring up an example. For instance, you are playing an international online game that happens to require payment. Actually, at first it is as though it is free, but, in a couple of weeks, if you wish to continue playing, you will need to pay. In order to do that, there are special extension cards that you can buy in many European Internet shops. By the way, an Internet shop is basically an online store. So, I type in the shop's website address and buy virtual cards to pay for my game time with a stolen credit card. Usually they are not too expensive, maybe 30-40 bucks.

Then I go to a Runet auction, which is an online-auction in a Russian segment of the Internet and

sell them for web-money, which I can then quietly exchange for sweet darling rubles. It's all very simple and pretty fast. Russian users did not know how to use credit cards online yet and even paying for stuff on Runet was fairly rare. Therefore everyone would walk to the closest kiosk where they would get a pre-paid Webmoney card, so that they could pay for merchandise online with its help. And I would sell them these extension cards, having previously paid for those in a European store with a stolen credit card. That's it. Well, now that's it, but back then that was exactly how I decided to start making money.

Alekcey Malov is a talented and promising Russian writer. His first book, "Confessions of a Carder" recently became available in Russia (Russian language), but it already has a potential to become one of the bestsellers. According to readers' reviews, Alekcey Malov is one of the most popular writers within the Russian internet society. Being only 25 years old, Alekcey is preparing to publish 3 more books: "Confessions of a Carder-2", "The Russian Pie" and "The Taiga adventures of Lieutenant Loser". More information and the author's contact details can be found on: <http://www.carderbook.com> (international version) and <http://www.carderbook.ru> (russian version)

'CREDIT CARDS' WERE NOT CREATED FOR THE INTERNET



Now... use your
Texaco Credit Card to charge lodging
and related services when you stay at all
Howard Johnson's Motor Lodges



The background of the entire page is a photograph of the Statue of Liberty, showing her head, crown, and right arm holding the torch. The statue is set against a clear blue sky. The text and other elements are overlaid on this image.

<http://www.libertopia.org/>

LIBERTOPIA 2010

July 1st - 4th
San Francisco, CA

Please call or email with any questions or suggestions

Phone: 877-692-6961

Email: joyce@libertopia.org

2010 SPEAKERS

- **David T. Beito**
- **Bruce L. Benson**
- **Scott Bieser**
- **Richard B. Boddie, J.D.**
- **Jim Davidson**
- **Michael Edelstein**
- **Patri Friedman**
- **Anthony Gregory**
- **Roderick T. Long**
- **Spencer MacCallum**
- **Stefan Molyneux**
- **John Pugsley**
- **Dr. Mary J. Ruwart**
- **Paul Rosenberg**
- **Butler Shaffer**
- **Michael Shermer**
- **Jay Stuart Snelson**
- **Brad Spangler**
- **Marc Stevens**
- **Michael Strong**
- **Jason Talley**



From beautiful Aspen Colorado with its golden Aspen trees, a new currency shines forth.

Peter Affolter, explains the Aspen Silver Dollar, actually started in 2008 when Dr. Bill Wesson, long time local dentist, wanted to introduce Aspen to the unique values of silver.

“Well, Bill introduced me to silver and when he got so busy, I decided to take action and launch the Aspen Silver Dollar as a local currency.” Affolter said.

There is no doubt that Affolter, a well know local chef, is dedicated to silver. As he points out, “In the restaurant business, a cup is a cup. I think a dollar should be a dollar and that dollar should hold its value and even increase in value as people prosper. Simply put, silver has a better shelf life than food.”

Affolter is convinced that the Aspen Silver Dollar is good for his beloved mountain community, the Roaring Fork Valley area and good for America. He is quick to point out that, “Silver is better than voting. Sound money is a more effective and positive approach

to big government. It can even be profitable!”

So what finally pushed Affolter to take the big plunge into the silver business? It started when he wanted to buy some silver in Aspen but there were no coin dealers and only one antique store had a few old US silver dollars. With no silver available, Affolter decided to follow the old marketing adage, “find a need and fill it,” and voila, the Aspen Silver Dollar was born.

Very quickly, Dr. Wesson and a dozen other Aspenites started using the Aspen Silver Dollar. The dentist, local bar, food store, car repairman have become the first local merchants to accept the new silver dollar for their goods and services.

Dr. Bill Wesson said, “I am very grateful that Peter took action to bring silver to Aspen. I think it is the best thing for Aspen and strongly encourage everyone to get and use the Aspen Silver Dollar for their own good and for the good of Aspen.”

To hear Affolter tell his story, he harkens back to the good old days when Aspen was the richest silver mining area in the world. He reminisces about how the Populist Party adopted silver as “legal tender” after the panic of 1893 - that almost killed Aspen. But Aspen never died, although it was down to only 705 residents in 1930.

Today, Aspen is the storied land of the rich and famous. But still Affolter is concerned about

his beloved town and its local citizens. He is concerned about the US dollar and what the future will bear. And who knows, with silver up nearly 25% in 2009, the \$50 Aspen Silver Dollar might just catch on if the current US dollar drops any more and Aspenites start shopping for something with more value.

So what is the Aspen Silver Dollar? Aspen Silver features an image of Liberty on the obverse and an Aspen leaf on the reverse. The new silver dollar contains one ounce of pure .999 fine silver and has a \$50 MSRP so it in sync with the silver market and can be used voluntarily by merchants who accept it. So does the new dollar cost \$50? Not if you know Affolter or live in the Roaring Fork Valley area. Locals are encouraged to get the currency at a steep volume discounts and then use it for whatever value is agreed upon with the merchant. The value changes with the silver market that is on an uptrend.

In addition to the 2010 Aspen Silver Dollar in Brilliant Uncirculated condition priced in sync with the silver market, two special collector issues have been created. The First Day of Issue features a special hand stamped Aspen leaf hallmark and a Limited Numbered Issue of only 100 individually hand stamped with a serial number.

The new Silver Aspen Dollar is, very “Aspen.” It is beautiful and more valuable than the debt plagued US dollar and would have been the darling of the Aspen of old. And who knows, for anyone

who is savvy or lucky enough to catch Peter Affolter, the Aspen Silver Dollar might be just what you need to weather the current monetary storm.

For additional information
Peter Affolter: 970.923.2658
paffolter81615@yahoo.com

DISCLAIMER: The Aspen Silver Dollar is not a currency, as it does not have a face value (\$50 is the MSRP only) and is not intended to compete with the depreciating US dollar. The sole purpose of this commemorative "dollar" is for local enjoyment only as guaranteed by the First Amendment to the US Constitution. Let it be known that this is not a Liberty Dollar and that I have not been involved in the minting, production or circulation of this historic commemorative "dollar." I was commissioned as an artist only.

And if you have a "hot idea" and want to take action with your own commemorative "dollar" contact Alan McConnell at Silver Liberty Marketing alan@mail.org

Please note that the Aspen Silver Dollar is not intended to be used as United States currency and any representation as such is strictly prohibited by law.

getafreelancer.com Now Accepts WebMoney!

[Getafreelancer.com](http://getafreelancer.com) - a global leader in outsourcing for small business and a biggest freelancers database now accepts WebMoney.

Join them to get your job done quickly, to a high level of quality and cost effectively!

New Mexico Congressional Candidate Adam Kokesh Issues Medallions for Contributions

Santa Fe, New Mexico - February 18, 2010 - Adam Kokesh, Republican candidate for New Mexico's 3rd District and veteran of the Iraq war, built his campaign on the principles of a strong national defense, transparent government and providing necessary aid to veterans returning home from service. Another campaign plank supports a policy of honest money to minimize inflationary theft by the Federal Reserve System.

"The Federal Reserve has destroyed the value of our dollar. Its boom and bust cycle must be replaced by savings, wise investment and honest money. Few have done more to establish an alternative and further the cause of honest money than the American Open Currency Standard," says Kokesh. "They provide a useful set of tools for individuals across the country to rebuild local economic wealth and put the control of real money back where it belongs: in the hands of the people."

Today the AOCS unveils its latest complementary currency line, dubbed "Candidate Currency", paying tribute to public office seekers that walk the walk. According to American Open Currency Standard Executive Director

Rob Gray, the line will feature "...candidates who put their money where their mouth is. We believe future Congressman Kokesh is the perfect candidate to launch this series and we're proud to support his campaign."

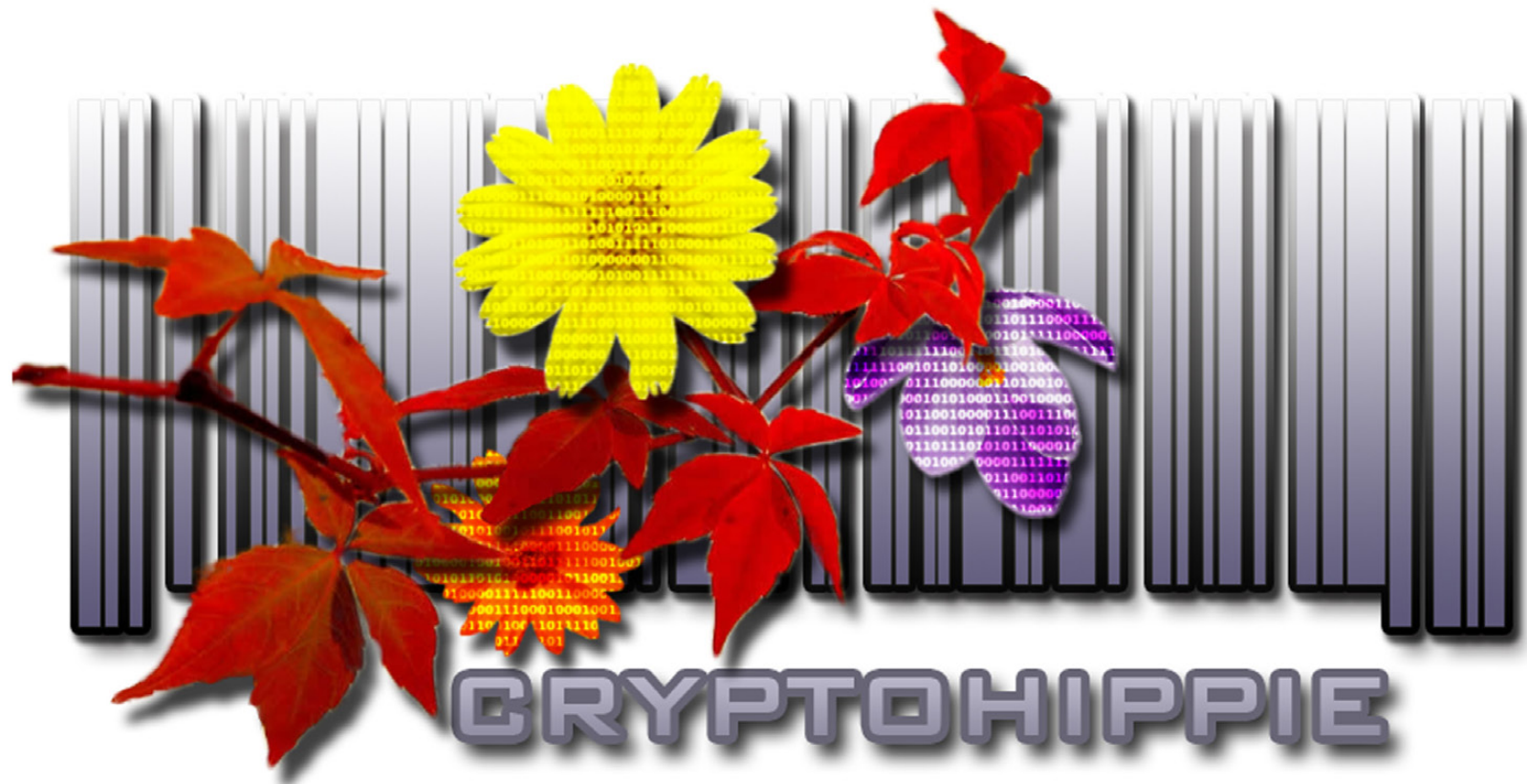


The Kokesh for Congress medallion is an ounce of .999 fine silver, struck in brilliant proof-like collector's grade mirror finish. The obverse features meticulously sculpted original artwork of Kokesh and Lady Liberty sharing the call to a revolution. The limited edition medallion is exclusively available as a "token of appreciation" to campaign donors that contribute \$50 and use the promo code "AOCS" through the campaign website at www.kokeshforcongress.com. Multiple qualifying donations receive multiple medallions.

Though the Kokesh for Congress medallion is a timeless classic for collectors across the globe, it doubles as an AOCS Approved private voluntary barter currency that can be used like a gift certificate of equal value within the rapidly growing network of merchants across the country, who actively trade goods and services for honest money.

"We earnestly await Adam's successful bid for office; but while elections and candidates will come and go, you have the opportunity every day to vote with your wallet," says Gray. "Make a donation today to help send a statesman and ardent supporter of Ron Paul's "Audit the Fed" to work for you in D.C."

Contact:
Andrew Sharp
Communications Director
www.KokeshforCongress.com
andrew@kokeshforcongress.com
505.470.1917



- VPN anonymous surfing
- Anonymous email
- CryptoRouters
- Closed-Group Networks
- Encrypted and distributed data storage
- Multi-hop routing
- Multi-jurisdictional structure
- New products in development

<http://www.cryptohippie.com>

Peace of Mind – Second to Nothing

U.S. MINT SHORT ON SAVVY, NOT SUPPLY

BY TAREK SAAB

At the writing of this article, the first week of March 2010, the United States Mint is once again facing an extended “shortage” on silver American Eagles. Surprising? Hardly. This has become a regular phenomenon.

The U.S. Mint strikes a beautiful coin which is coveted by nearly all precious metals enthusiasts. Its gold and silver Eagles are industry staples, and every major dealer gladly promotes and sells these coins to its client base. But aspiring entrepreneurs take note: The United States government has never, and will never, run a business well. The U.S. Mint joins rarified air with the other ne’er-dowells from the Federal Reserve and the U.S. Postal Service in an unrivaled trio of mediocrity.

Customers have recently inferred that the consistent shortages on American Eagles are indicative of dwindling silver supply. This presumption is false. Gold and silver bullion is readily available in large quantities.

So why the shortages?

The U.S. Mint has never adequately ramped up with the growing bullion demand over the past decade. It lacks the equipment and personnel to mint coins at necessary capacity. Furthermore, as has always been its practice, it continues to outsource blanks to the Sunshine Mint and Stern-Leach, among others, which adds another variable to potential bottle necks. According to Mineweb: “Federal laws and regulations say the gold (and silver) must be newly mined in the United States. Only a handful of refineries meet the standards and regulations to produce the blanks for the coins . . . While gold and silver producers have repeatedly gone to government officials to get them to authorize an increase in the number of refineries which can produce the blanks and the facilities that can mint the coins, industry sources say they feel they have been stonewalled by mint officials who refuse to budge.”

Conspiracy or incompetence? Take your pick. A review of the U.S. Mint website is revealing:

Quote:

“Since Congress created the United States Mint on April 2, 1792, it has grown tremendously. The United States Mint receives more than \$1 billion in annual revenues. As a self-funded agency, the United States Mint turns revenues beyond its operating expenses over to the General Fund of

the Treasury.” www.usmint.gov

You have to wonder: Since the directors of the U.S. Mint do not earn dividends off of revenue, and since there are neither shareholders nor board members to answer to, what is the incentive to grow revenues? This is a business whose members turn over all profits to the state. Sounds like, well . . . I won’t say it.

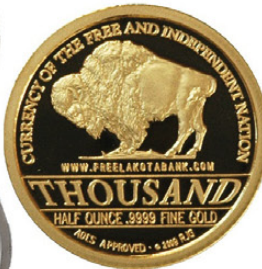
The U.S. Mint claims its mission is to “apply world-class business practices in making, selling, and protecting our Nation’s coinage and assets.” By “world-class business practices” its means caring very little about whether it satisfies consumer demand or grows profitability. If the mint were a private corporation it would be capitalizing handsomely on ever-increasing demand for its product. Instead, the mint is habitually out of stock, even though Public Law 99-61 states that the mint is required to produce these coins “in quantities sufficient to meet public demand.”

During the “Great Bullion Shortage of 2008,” the shortage was unrelated to the overall supply of gold and silver, and wholly related to bottlenecks in production at the mints, strained to capacity as they attempted to meet consumer demand. This is an important point. Premiums rose because customers wanted delivery immediately and the mints could not keep up with the orders. The premiums did not rise because the metal itself was in short supply. In fact, according to the World of Mining Professionals Gold Miners Roundup, production from major mining companies is increasing. (See: www.womp-inc.com) As of today, there is so much bullion on the open market for sale that most dealers have no trouble shipping product immediately. Dealers wait in eager anticipation for the next downslide in the Dow to field the inevitable onslaught of orders once again. Just like 2008, the mints will create bottlenecks in getting supply to customers, premiums will rise, and the U.S. Mint will be the first to halt sales.

As a dealer, we happily sell the U.S. Mint coins, but we reluctantly turn away customers when the mint halts production. It is an unfortunate and very unbusinesslike situation, and in the end, the American citizen is left to wonder when the government will work for the people.

Til next time, that’s my Saab Story.

Tarek Saab is the President of Guardian Commodities and a former finalist on NBC’s “The Apprentice” with Donald Trump. He is an international speaker and syndicated author.



The American Open Currency Standard

وَأَحَلَّ اللَّهُ الْبَيْعَ
وَحَرَّمَ الرِّبَا ط

THE ISLAMIC GOLD DINAR

Religious & Shariah Perspective

The Quran has emphatically stated that Allah (sw) has permitted "trade" and forbidden "Riba"¹ (interest or usury). It makes engagement in business as the only legitimate means of profiteering in Islam, with implicit assumption of the risk for either a profit or loss.

Western Banking on the other hand has evolved along totally different lines. As the interest-seeking money lenders gradually transformed into modern day financial institutions, they maintained their essential business model characterized by interest based guaranteed returns and shifting risk from entrepreneurial uncertainty to borrower's default.

In a wholesale adoption of this model, the government of Pakistan has followed suite and prohibited Banks from engaging in any "trading" activity² — exactly the opposite of what the Quran suggested. Even the so-called "Islamisation" of banking has merely retrofitted the Islamic contractual forms like Modaraba into the same essential model, shielding the "rabbul-maal" from true entrepreneurial risks to perpetuate the same lending based profit philosophy.

However, our foregoing objections are still theoretical, and therefore subject to interpretation. But the wisdom of the Quran is such, that it has made its explicit Shariah regulations the guardians of the true spirit of Islam, making it impossible to violate that spirit without also not violating the Shariah itself.

We therefore, present below specific, legal issues on which Islamic Banking model is still violation of explicit Islamic Shariah:

1. *Bai Madum* and *Gharar* - This Shariah principle States that you can not sell what you do not own, and similarly, you cannot lend it either. *Gharar* occurs in fractional reserve banking, when the Bank explicitly lends out money which it not only does not possess, but which does not really exist.

2. *Bai al-Dain*. This Shariah principle states that "debt" cannot be sold, except on its par value³. In spite of the introduction of Sukuk at some levels in Islamic financing, ultimately, the very currency that we use is really a sale of debt incurred by the Government of Pakistan by issuance of Bonds, and the State Bank issuing currency notes on discount against it.

3. *Riba*. This Shariah principle states that you can neither borrow, nor lend, based on interest. Even if the Islamic Banks maintain this relationship with its customers or lenders, the relationship between it and the State Bank is still, nevertheless, dependent on Riba-based interbank lending.

The reality is that as long as fiat currency regimes are prevalent in our country, inflation will be a part and parcel of this system. And with inflation continuously putting pressure on the purchasing power of money, the concept of time-value of money becomes an intrinsic, inseparable part of this scheme. Insisting that Islamic Banking can somehow circumvent the time-value loss of money by lending interest-free, is really a fools dream, and nothing else.

The only long term, viable solution to eliminating Riba from lending is to root out time-value concept of money, synthetically created by fiat currency regimes. A return to gold-backed currency is thus the only true mechanism of eliminating Riba from our financial systems.

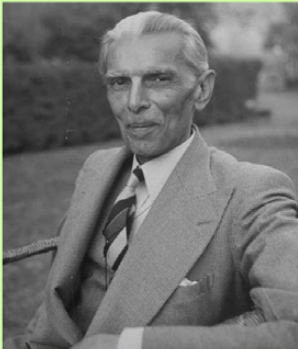
REFERENCES

1. Quran 2:2175
2. Government of Pakistan. Banking Companies Ordinance, 1962. Section 9.
3. See works of Justice Taqi Usmani on Islamic Finance

<http://egold.pk/home/>

THE ISLAMIC GOLD DINAR

National Perspective



"I shall watch with keenness the work of your Research Organization in evolving banking practices compatible with Islamic ideas of social and economic life.....The adoption of Western economic theory and practice will not help us in achieving our goal of creating a happy and contented people. We must work our destiny in our own way and present to the world an economic system based on true Islamic concept of equality of manhood and social justice. We will thereby be fulfilling our mission as Muslims and giving to humanity the message of peace which alone can save it and secure the welfare, happiness and prosperity of mankind. May the State Bank of Pakistan prosper and fulfill the high ideals which have been set as its goal."

*Quaid-i-Azam Muhammad Ali Jinnah
On the occasion of the Opening Ceremony of The State Bank of Pakistan
1st July, 1948*

Every country has different currency, which can be used only in that country. The rupee will not be accepted in Japan, and the yen would not be accepted by a shopkeeper in Pakistan.

But the realities of international trade demand that a common method of exchange be used; one that is acceptable to everyone. Historically, this occurred when the currency of the reigning economic power rose to the status of 'world reserve currency'. It was this currency that was accepted by everyone for global trade and universal store of wealth.

Historically, it was gold and silver. After the advancement of banking systems and paper currencies, the British Pound became the global reserve currency, eventually to be replaced by the US dollar.

In theory, the valuation of national currencies ought to be done by the productivity of that economy. But in practice, countries whose currencies elevate to the "reserve status" start gaining a highly unfair advantage over others: While the rest of the world must produce goods and services, and sell them to obtain foreign exchange, reserve currency issuers, like the United States, simply print more money when they need to purchase anything. Printing more money is done in the legal disguise of the government taking up future debt, which everyone knows and understand can never be repaid.

Practically, the goods and services produced by our people through their toil and labor, gets exported abroad in exchange for a continuously devaluing piece of paper.

A return to gold and silver as reserve currencies will benefit everyone because no one super power has monopoly over it, and neither can a whole economy be collectively short-changed through currency devaluations and exchange rate fluctuations.

In other words, the value of the toil and hard work of a Pakistani farmer would equal that of an equivalent worker in the Americas and Europe.

If the Government of Pakistan adopts full reserve gold-backed currency in Pakistan, then the whole nation can enjoy a stable, inflation-free economy, restoring our purchasing power, as well as a stronger rupee which would now be pegged with gold, and be respected internationally much more than fiat currencies like the dollar.

In fact, the visionary Malaysian President, Mahatir Mohamad¹, even went so far to suggest that all Muslim countries should form an economic union adopt the Islamic Gold Dinar as the medium of exchange between them, much the European Union did by adopting the Euro, with huge economic benefits for the Ummah.

REFERENCES

1. See text of the speech of Dr. Mahathir Bin Mohamad titled "The Gold Dinar in Multi-Lateral Trade" in Kuala Lumpur, Malaysia. Oct 23, 2002.

Wazzamba Wins by Partnering With GlobalCollect

Virtual world developer Wazzamba teams up with GlobalCollect, the world's premier payment service provider of local e-payments, to process global online payments

Amsterdam, The Netherlands – March 16, 2010 -- Wazzamba (www.wazzamba.com), a unique online virtual world offering players the chance to win real world travel prizes, has partnered with GlobalCollect for processing all its online payments across the world. By using the single interface Merchant Link solution, Wazzamba has full control over the check out pages while gaining access to GlobalCollect's unrivalled portfolio of payment methods - the current agreement covers international and local credit and debit cards. In addition, GlobalCollect applies Fraud Screening services to all card transactions to detect suspicious patterns and minimize fraudulent transactions.

The Wazzamba virtual world combines exploration with skill-based casual games to provide a rich and rewarding experience while offering players the chance to win real world travel prizes. Wazzamba lets casual gamers explore more than 30 destinations visiting some of the world's greatest cities and landmarks and at the same time being able to earn points to win actual travel prizes from DreamTrips® and GetAway Trips(TM) every week.

Rocco Pellegrinelli, CEO of Wazzamba, said: "We chose GlobalCollect because they provide a best-of-breed solution that covers all of our international payment needs. As a company that awards valuable prizes to its members, it is critical that we have a partner that Wazzamba, and our customers, can trust."

