

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

# DGC Magazine

Privacy is Back

 **xerobank**

March 2008

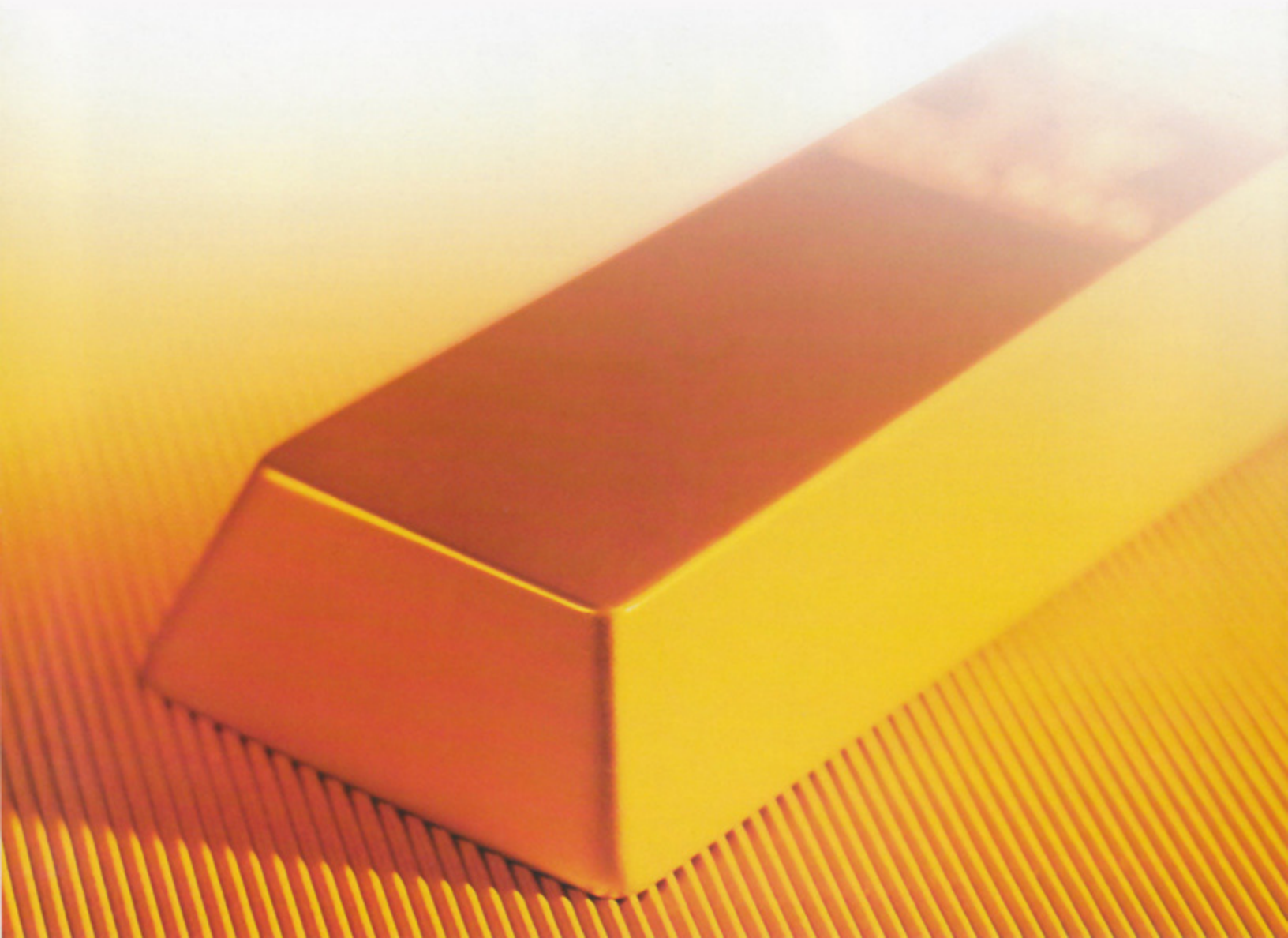
"XeroBank provides the fastest commercial anonymity network in the world."



# BullionVault.com

Secure. Accessible. Great value.

Own gold bullion in London, New York or Zurich.  
Register at [www.BullionVault.com](http://www.BullionVault.com) today and get  
your **free** introductory gram of gold.



## Editor's Note

### **Why did you start this magazine and what's it all about?**

This online magazine caters to users of digital gold currency, digital gold and other pure digital currencies. You won't find any information on PayPal, charge cards or merchant accounts anywhere in my magazine.

Although DGCs have been around for over a decade, it is not always easy to uncover quality information using a search engine or random online forum. A Google or Yahoo search never seems to offer any reliable current data on the rapidly changing world of digital gold currency.

Would you like to learn more about the operation of a DGC account?

Join us each month and let me show you the practical uses for digital gold currency. DGC Magazine will provide clear descriptions of how the systems work, why there is gold bullion backing each digital unit and how to take advantage of this safe and innovative global payment method.

Each issue I'll include interviews with well known Industry professionals and other business leaders in related fields. Do you have a suggestion, comment or complaint? Email me anytime.

*Mark Herpel*  
editor@dgcmagazine.com



**Pecunix® is a gold based currency and payment solution that allows people on opposite sides of the world to make and receive payments instantly via the Internet.**

**Because gold has an internationally agreed value, Pecunix is a system that is perfectly suited to the specific demands of e-commerce.**

**Pecunix is an extraordinarily safe system to use because it is one hundred percent underwritten by gold at all times. In other words, every currency unit in the Pecunix system is supported at all times by an equivalent amount of gold, which itself is stored in an independently monitored, internationally approved storage vault.**

**<http://pecunix.com>**

Republic of Panama

## **Cover Story:**

### **XeroBank Interview:**

### **Privacy Expert**

### **Steve Topletz**

Page 28

### **Anonymity As A Personal Growth Technology**

by Paul Rosenberg

Page 6

### **Crowne Gold Event Schedule**

Page 9

### **GATA's WSJ Full Page Ad**

Page 10

### **Interview With Paul Tustain - Founder & Director Of BullionVault.com**

Page 12

### **The World of Loom**

by Staff

Page 24

### **Loom Gold Audit**

by Jim Davidson

Page 26

### **Korea First In Gold Banking**

by Staff

Page 27

### **XeroBank's xB Browser**

Page 32

### **Webmoney 2007 Growth**

Page 34

### **Electronic Surveillance Modernization Act Summary**

Page 36

### **Tor Network**

Page 38

### **What Will It Take For DGC To Become More Mainstream?**

Page 43

### **The Digital Minting Process, How A Digital Gold Gram Is Born**

By Staff

Page 45

### **Good Money, Bad Money and Gresham's Law**

By Staff

Page 47

### **China Is The World's Top Gold Producer**

Page 49

### **How Government Surveillance Makes The Mafia Rich**

by Paul Rosenberg

Page 50

### **Looking For Mr. Goodbar**

Page 54

### **Beware Of The Pretenders**

Page 56

### **Need An E-currency Exchange Agent?**

Page 56

### **Vintage DGC Photos**

Page 58

---

#### **Editor, Mark Herpel**

editor@dgcmagazine.com

Skype IM 'digitalcurrency'

#### **Visual Effects Consultant, Faustine Tan**

faustine@geekzhaus.com

DGC Magazine is published online 12 times a year. Subscriptions are currently free. Advertisers please email for our rates sheet.

© 2008 DGC Magazine All Rights Reserved

# Anonymity As A Personal Growth Technology

by Paul Rosenberg

*The results you produce in life are inversely proportional to the degree to which you are intimidated.*  
-- Robert J. Ringer

Fear is, perhaps, the greatest daily enemy of mankind. It wages a continual war against our minds – much more so than many of us either realize or understand. It is ambient in the minds of most humans; perhaps in all of our minds, to one extent or another.

One type of fear is the obvious – fear of overwhelming external forces. We are understandably afraid of things like fire, bombs and bears. But while this is common enough, it is not the type of fear that I am addressing in this article. My concern here is the fear of other humans – and not physical-level fears, as in being attacked – but the fear of being shamed, rejected and excluded.

For reasons far too complex to cover in a single magazine article, this type of fear/shame is what intimidates us. It is particularly potent when we are young – a time when we feel vulnerable in general, due to ignorance, weakness and reproductive concerns. (Still more complex subjects!) And when our minds are intimidated, we are shut-down from operating at our capacities; excluded from being what we are and what we should be.

## THE BLESSED HEDGE - ANONYMITY

If we are to be introspective and honest, I think we must all admit that the fear of what other people might say has stopped us from expressing ourselves many times. Not so much a fear of being wrong, but a fear of the consequences of being publicly shamed. Thus, intimidation is clearly the enemy of growth.

Anonymity protects us from this enemy by removing any path for consequences to reach back to us.

Online anonymity allows people (especially young people) to put their ideas into a virtual public square without suffering the shame they would face in a physical public square. That means that people are – for the first time ever – generally more free to speak their minds.

Bear in mind that a great many of these newly-public thoughts are not good. This is to be expected. The importance of putting such thoughts into a public square is that they can be tried, convicted, and improved. It is profitable to us that this should occur without the humans involved ruining their lives and reputations.

Anonymity is a technology that allows human minds to be corrected in private, rather than being exposed, ridiculed and shamed publicly. This makes correction and growth fear-free, which is superbly important.

If people have no place to speak their young-and-dumb thoughts except for the permanent record, most of them will pull back from expressing them. That helps a little in keep silly things out of the public square, but it also means that bad ideas will probably remain in these people's minds, and that is not good. It freezes the mind in an unimproved state.

## THE BATTLEFIELD OF IDEAS

Once feedback to humans is removed, ideas stand more on their own. Ad hominem arguments are never, in my experience, entirely removed, but they are defanged as regards the meatspace lives of the people involved.

In anonymous-space, ideas can compete with minimal collateral damage to humans.

While others ask their hosting providers  
for an ear ..



are our only Concern

Welcome to a web hosting company that serves you as its only customer



**XtraOrbit**

Since 2002

This is important. Ideas are tried, contrasted, extended, defended, absolved and convicted. We need this! This is how the best ideas are discovered, in exactly the same way as the best physical products are discovered via free market competition.

### ANONYMITY'S ENEMIES

Anonymity can be used badly, but the fear of anonymity is ridiculously overplayed. Sure, bad guys use anonymity to do bad things, but they also use cars to do bad things, and computers, and pens, and paper, and they take medicine, they read newspapers, use telephones, and so on. Shall we just eliminate everything that can be abused? There would be nothing left!

The abusers of fear like to attack new things, not long-standing things. Since new things have no history and are incompletely known, they are subject to demonization. Those who use fear as fuel for their plans will always find the scariest aspects of new things and abuse them. In so doing, they utterly ignore the beneficial aspects of those

new things. This is what has been happening to anonymity in the public square. If this article subdues that to any extent, I will be pleased.

So, does Senator Fearman think that anonymity is a threat to the Republic? Let him state his case. But let us all point out the other side as well: Anonymity allows us to develop as free, uninhibited human beings. Might that be of some importance too, Senator?

How many lives are likely to be safeguarded by your war on anonymity? Now, how is that more weighty than allowing every human mind to develop without intimidation?

Maybe you should fight the criminals directly, Senator, rather than attacking a peaceful technology. Is this about the benefit of mankind or about making you appear powerful?

© Copyright 2008 by Paul A. Rosenberg  
Paul is the author of A Lodging of Wayfaring Men and other books. You can find his work at [www.veraverba.com](http://www.veraverba.com)

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

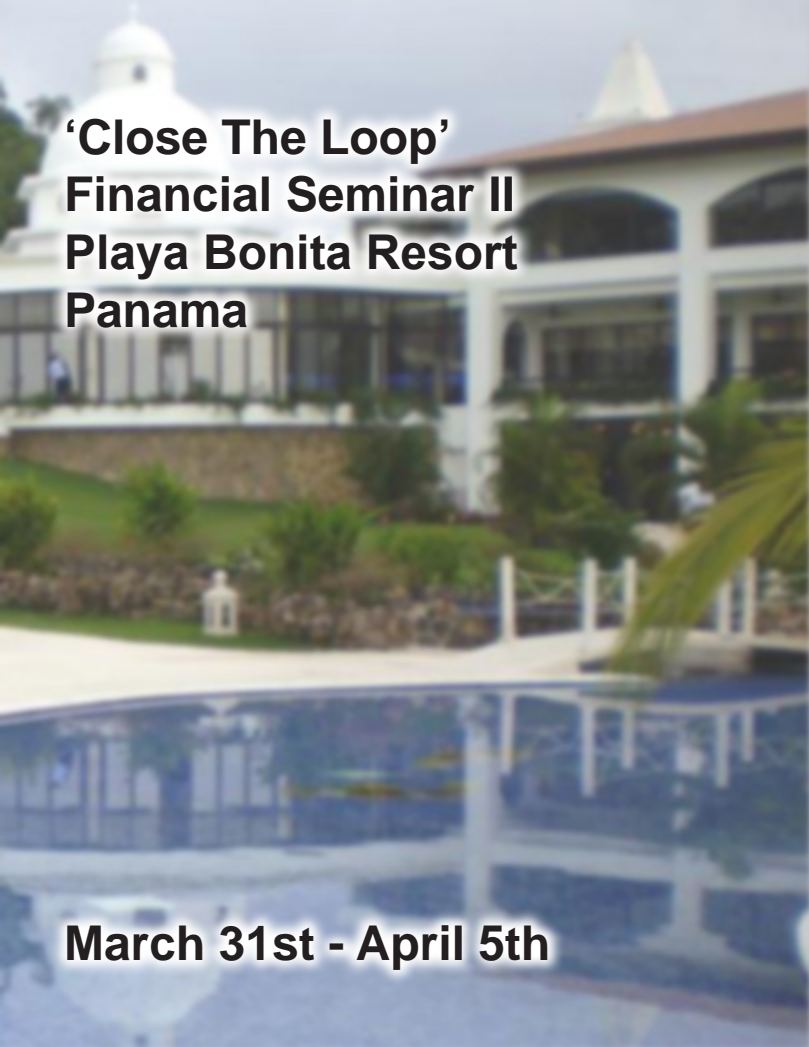


**Purchase as low as 10\$ of gold for only 0.35\$ fee. No expensive wire transfer fees or the need to get a money order!**

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







**'Close The Loop'  
Financial Seminar II  
Playa Bonita Resort  
Panama**

**March 31st - April 5th**



**Global Investment Conference  
Boston, USA**

**May 8th - 9th**



**April 23-24**

**Crowne Gold**  
Event Schedule

**May 18th - 23rd**

<http://www.Crowne-Gold.com>

**Dubai  
World  
Offshore  
Conference**



**Exodus Financial Conference  
Playa Bonita Resort, Panama**

# Anybody Seen Our Gold?



"GATA" by Alain Despert

The gold reserves of the United States have not been 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 Federal Reserve's general counsel, J. Virgil Mattingly, acknowledged as much when he told the Federal Open Market Committee on January 31, 1995, that the Treasury Department's Exchange Stabilization Fund had undertaken gold swaps.

Federal Reserve Chairman Alan Greenspan acknowledged as much in testimony to Congress on July 24, 1998, when he said that "central banks stand ready to lend gold in increasing quantities should the price rise."

Barrick Gold Corp. acknowledged as much in a filing in U.S. District Court in New Orleans on February 28, 2003, disclosing that the mining company was the agent of the central banks in shorting the gold market.

The Bank for International Settlements acknowledged as much on June 27, 2005, when the head of its monetary and economic department, William S. White, declared at a convention of central bankers in Basel, Switzerland, that a major purpose of international central bank cooperation is "the provision of international credits and joint efforts to influence asset prices — especially gold and foreign exchange."

Since last May the U.S. Treasury Department's weekly report of the government's international reserve position has cited loans and swaps from the U.S. gold reserves.

Since 2004 four major international investment houses — Sprott Asset Management, Cheuvreux, Citigroup, and Redburn Partners — have issued reports stating that Western central banks have been manipulating the gold market.

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.

Gold's recent rise toward \$900 per ounce shows that the price suppression scheme is faltering. When it is widely understood how central banks have been suppressing gold, its price may rise to \$3,000 or \$5,000 or more.

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. In May 2001 we gathered representatives of five gold-producing African countries in Durban, South Africa, at the GATA African Gold Summit. In August 2005 we brought gold market experts and investors from around the world to the Gold Rush 21 conference in Dawson City, Yukon Territory, Canada, excerpts of which you can watch on the Internet here:

[www.GoldRush21.com](http://www.GoldRush21.com)

Now GATA is marching on the Treasury Department to demand, via the Freedom of Information Act, that the U.S. government come clean about its gold reserves — to disclose how much gold is left and how much has been compromised by leases, swaps, and other encumbrances undertaken for surreptitious market intervention.

So that we may explain how the unfolding world financial disaster can be mitigated and why free markets in the monetary metals are essential to free markets everywhere, we invite you to join us at our next conference — "GATA Goes to Washington: Anybody Seen Our Gold?" — to be held Thursday through Saturday, April 17-19.

For information about that conference and GATA, visit [www.GATA.org](http://www.GATA.org).



**William J. Murphy III**

**Chairman**

Proprietor of the Internet site of financial commentary, LeMetropole-Cafe.com in Dallas, former commodities trader, and former wide receiver for the Boston Patriots.



**Chris Powell**

**Secretary-Treasurer**

Managing editor of the Journal Inquirer in Manchester, Connecticut, and legislative chairman of the Connecticut Council on Freedom of Information.



**Ed Steer**

**Director**

Edmonton, Alberta-based market analyst for Casey Research LLC.



**Wistar Holt**

**Director**

Portfolio manager for Holt & Shapard Capital Management LLC, St. Louis.



**Catherine Austin Fitts**

**Director**

President of Solari Inc. in Hickory Valley, Tennessee; former managing director of Dillon, Read & Co. Inc.; and former assistant secretary of the U.S. Department of Housing and Urban Development.

## 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

This advertisement originally ran as a \$264,000 full page ad in the Wall St. Journal January 31, 2008

## GOLD ANTI-TRUST ACTION COMMITTEE INC.

7 Villa Louisa Road, Manchester, Connecticut 06043-7541 USA • CPowell@GATA.org

GATA, the Gold Anti-Trust Action Committee, was formed in early 1999 to advocate and undertake litigation against alleged illegal collusion controlling the price and supply of gold and related financial securities. GATA alleges that the United States' gold reserves are being shipped overseas and used to settle complex transactions performed by the Federal Reserve and US Treasury and this action suppresses the market price of gold.

GATA has filed requests through the FOIA for the Treasury Department and the Federal Reserve to publically disclose all details on gold swapping or leasing activities. Everyone's BIG concern is that the government's careless actions have greatly depleted the US gold reserves at Fort Knox and West Point. As one blogger put it:...'the lack of transparency into Treasury Department policy is disconcerting....and the frightening implications if they[GATA] are right. America's economic empire, propped up by the fact that the almighty dollar is a more stable reserve than gold. If this illusion dies, so does the empire.'

While KPMG was the independent auditor on the Treasury Department's 2006 Annual Report they DO NOT inspect any actual physical bullion inventory.

# Interview with Paul Tustain

Founder & Director of BullionVault.com



We have found BullionVault to be a very easy and safe way to participate in the direct ownership of gold bullion without the expense or worry of shipping or storage. Using BullionVault.com account holders can take full advantage of their

online trading options including bid and ask pricing which are some of the most competitive anywhere in the world. Paul Tustain trained in computers and worked for six years as an equity analyst in London. Four of those years were spent working in systems for financial risk measurement, regulation, and settlement.

VAULT						
	NEW YORK	LONDON	ZURICH			
KG	29,580	29,865	29,639	29,736	29,719	29,754
TOZ	920.04	928.91	921.88	924.89	924.36	925.45
	<input type="button" value="SELL"/>	<input type="button" value="BUY"/>	<input type="button" value="SELL"/>	<input type="button" value="BUY"/>	<input type="button" value="SELL"/>	<input type="button" value="BUY"/>

*“The entire physical bullion industry in London is regulated by ordinary property law... This is - in part - why London remains the biggest and most trusted physical bullion market in the world.” -Paul Tustain*

This is an interview with Paul Tustain of BullionVault.com. His company is one of the Internet's premiere web sites for buying, storing, and selling gold online. Its popular with both experienced traders, new buyers and long term investors. The fees are extremely reasonable and the services they offer are second to none. BullionVault, which is based in London, offers an extraordinary product for the online purchase and direct ownership of gold bullion. Accounts range in size from \$2000 to \$10 million and you can tell from this interview that Paul created his business to satisfy all customers both large and small.

In 1990 he founded a software business which developed systems for administering electronic equity and bond trading. The company's main product was widely used in Europe to communicate with and instruct CREST, which is the biggest of Europe's central depositories for equities, similar to America's DTC. Today in 2008, Paul still retains about 20% of that business, but these days has little day-to-day involvement. Want to learn more about gold and money? Paul is also editor and contributor on the [www.GalMarley.com](http://www.GalMarley.com) web site. I highly recommend you spend some time there, it's loaded with clear, easy to understand information.

**(Q) What is your position with BullionVault and**

# VIA MAT<sup>®</sup> INTERNATIONAL

Shepperton Business Park  
PO Box 92, Govett Avenue,  
Shepperton, Middlesex, TW17 8UQ  
United Kingdom

Phone ++44 (01932) 230 130  
Fax ++44 (01932) 230 231  
Email [vmi@viamat.co.uk](mailto:vmi@viamat.co.uk)  
VAT Registration No. 711 0419 88

BullionVault  
Reconciled by  
Catherine Little  
11:36, 29 Jan 08  
BullionVault

Pallet No.	Item No.	Brand	Gross Weight	Fineness	Fine Weight
PAL/000009	NS1233	JM London	427.550 oz	0.9952	425.497 oz
	NS1234	JM London	422.850 oz	0.9952	420.820 oz
	NS1235	JM London	427.850 oz	0.9952	425.796 oz
	NS1236	JM London	425.675 oz	0.9952	423.631 oz
	NS1237	JM London	416.000 oz	0.9952	414.003 oz

*GOLD BULLION (kg)* - BullionVault's bar list available daily for London, New York & Zurich - Client Gold Bullion and Property Audit As At 00:00 29 January 2008 GMT. *CURRENCIES* - BullionVault's daily audited bank balances in Dollars, Euros & Pounds - Daily latest bank statement also available for visitors. (not shown)

## how long have you been with them?

I'm BullionVault's founder and Director. The business was incorporated in 2003 although prior to that I had been planning it for about 2 years.

## (Q) Who do you consider to be your target market?

Gold investors from anywhere in the world seeking between \$2,000 and \$10,000,000 in gold.

## (Q) How many account holders do you currently have?

About 36,000

## (Q) When I am using BullionVault to buy gold online, will I get the actual delivery of what I buy?

Yes. All BullionVault gold is delivered. But this word 'delivery' is not synonymous with 'possession' and the subtle difference is very important - especially for gold. With BullionVault you take delivery at the instant of trade. From that point the gold is your property, even though it continues to be looked after by your professional bullion custodian.

The huge majority of gold transactions in the world are undelivered. This includes unallocated gold, i.e. most pool accounts, most of the popular certificate schemes, and almost all gold bought through banks. Undelivered gold exposes buyers to default

because the gold is not theirs in law. So BullionVault is exceptional in that every trade is delivered at the instant of trade. BullionVault gold includes the right to take possession. But on BullionVault you choose not to take immediate possession: you leave that decision pending some future crisis, because postponing possession will almost certainly save you a lot of money and inconvenience.

You'll have noticed the professional markets trade bullion on very competitive prices not usually available to private individuals. The settlement condition for a professional market bullion trade is that the seller makes available a Good Delivery Bar at the door of an accredited bullion vault.

The Good Delivery Bar usually weighs 400 oz (this varies across markets) and has been continually stored in these accredited vaults since it was manufactured by an accredited refiner. Unlisted manufacturers, under-sized bars, and also previous private possession of full size bars deny the gold 'good delivery' status. This prevents professional buyers accepting them when you sell because of the integrity rules of the bullion market. The result is that for gold in private possession - typically small bars - when you sell you will only get a discounted price from a trader outside the main bullion market, the prices are much less competitive and you will

lose probably 4-6% of your gold's value the instant you take possession.

There are other problems with taking immediate possession. In most instances where people think possession would be useful it turns out to be both expensive and inconvenient. In a real crisis bullion gold in your hand is surprisingly difficult to make use of.

Firstly, should you try to sell it people will doubt its integrity and you'll usually have to accept a poor price.

Secondly it's difficult to acquire things directly with fairly priced bullion because people are unfamiliar with it.

Thirdly it is likely to be very difficult to transport out of your country, as you might wish if - for example - exchange controls were re-introduced.

Fourthly insurance is very expensive. These problems are easily avoided if you store your gold in an offshore location where it continues to be legal, and - still in its high integrity form - easy to sell.

I think these are good reasons for delaying possession until no other good alternatives exist. On BullionVault all our users have the right to take possession subject to a modest fee, but generally users have found it more attractive to use BullionVault to sell their gold, rather than destroy its Good Delivery status and damage its marketability through taking possession.

**(Q) What is the number one advantage of buying gold through BullionVault?**

It varies for different people. Some say price - because we are consistently the cheapest source of gold for the private investor. Some say it's our multiple choices of storage jurisdiction - especially as it includes Switzerland. Some like the transparency of our Daily Audit, which most people agree provides watertight proof that our business is properly segregating all owners' gold in professional vaults.

**(Q) Do you offer the option to users of storing**

**their gold in multiple jurisdictions?**

Yes - London, Zurich and New York.

**(Q) At today's gold price, which is hovering at about \$900 per ounce, what price would you value your total gold company holdings?**

Approximately \$195 million. The rate of increase is now very rapid. We have more than doubled in size in the last 6 months.

**(Q) Should we consider BullionVault to be a digital gold currency like e-gold or GoldMoney?**

Not really. The founders of DGCs tend to believe in gold as both a store of value and a medium of exchange. I agree with them wholeheartedly that gold is peerless as a store of value, but I think the evidence is that gold is at best a temporary medium of exchange. It gets beaten back by Gresham's law :- "Bad money drives good money out of circulation".

There are currently no freely circulating gold currencies in the world; so, right or wrong, as a medium of exchange it is clearly prone to failure. Why? Because it is so good at storing value that presented with a choice of spending pesos or gold people repeatedly spend pesos and save gold - which means the gold gravitates to savers, not spenders, and stops circulating as currency.

DGCs are designed to enable you to spend gold. I want it to act as a store of your wealth, so at BullionVault, instead of encouraging merchants to accept gold, we eliminate them from the equation altogether, which gives us a safety feature which DGCs can't offer. In complete contrast to a DGC your BullionVault gold can only return to you, which is, I think, why the average holding of gold in BullionVault is very much higher than the average holding of a DGC.

**(Q) Can users leverage their purchases by paying less than the total purchase price? Are there any credit options like Futures trading?**

None whatsoever. If you introduce credit in this way you introduce the prospect of default. There are plenty of alternate mechanisms for buying gold with leverage and credit, but in the interest of absolute financial safety we choose to be different.

**(Q) When I compare the spot price of gold to the BullionVault price, sometimes BV is a bit higher than spot. Why is that?**

BullionVault gold is fully allocated, and collected by our vault operators for separate storage exclusively for BullionVault clients before we offer it for sale. Normally for an allocated spot gold trade the buyer still has to pay for collection. With BullionVault your gold is already in the vault where you want it, so you don't have that extra cost. The difference is fairly minimal, like about 20 cents an ounce, but it means BullionVault gold tends to hold a small premium over the spot price. I guess you can say BullionVault gold is spot gold inclusive of the cost of collection.

**(Q) When I make a purchase online of gold bullion, am I actually buying from the BullionVault trading account or another user?**

It might be either, whichever is offering you the

cheaper gold. BullionVault lets all owners of gold offer it to new buyers on BullionVault's public order board at the price of their choice, and you get the cheapest available - automatically. We are competing with 36,000 users to offer you gold at the best possible gold. So you might be buying from anyone, but whoever owns the gold they have never touched it. Only Good Delivery gold bought originally from professional dealers on the London market, and held permanently in accredited vaults, is allowed into BullionVault.

As well as participating on our own order board ourselves we allow free competition on it for all users. This ability for users to quote to each other means \$0.20 spreads are not uncommon.

Free competition on a public order board between all users is by far the best way of ensuring a healthy (i.e. narrow) spread, and deep liquidity. I'm fairly certain there are no other marketplaces in gold

Market order board at 10:09:48 PM GMT

Currency: All Gold vault: All GO Please contact us for orders over 10kg. Min. order size (kg): 0.01

Currency	Gold vault	Best bids Click to sell			Best offers Click to buy		
€ Euros	London	€20,074 0.028kg	€20,078 0.361kg	€20,091 0.04kg	€20,165 0.04kg	€20,178 0.361kg	€20,182 0.028kg
£ Pounds	London	£14,913 0.603kg	£14,921 0.067kg	£14,950 0.018kg	£14,977 0.067kg	£14,985 0.603kg	£14,988 0.032kg
\$ Dollars	London	\$29,652 0.028kg	\$29,658 0.452kg	\$29,679 0.05kg	\$29,772 0.05kg	\$29,792 0.452kg	\$29,798 0.028kg
€ Euros	New York	---	€20,043 0.024kg	€20,047 0.06kg	€20,261 0.06kg	€20,265 0.024kg	---
£ Pounds	New York	£12,000 0.02kg	£14,884 0.03kg	£14,889 0.06kg	£15,048 0.06kg	£15,053 0.03kg	---
\$ Dollars	New York	\$29,601 0.035kg	\$29,605 0.15kg	\$29,623 0.016kg	\$29,898 0.016kg	\$29,916 0.15kg	\$29,920 0.035kg
€ Euros	Zurich	€20,106 0.036kg	€20,110 0.753kg	€20,123 0.083kg	€20,173 0.083kg	€20,186 0.753kg	€20,190 0.036kg
£ Pounds	Zurich	£14,933 0.034kg	£14,936 0.964kg	£14,945 0.107kg	£14,983 0.107kg		
\$ Dollars	Zurich	\$29,696 1.055kg	\$29,719 1.321kg	\$29,723 0.117kg	\$29,787 0.117kg		

**Buy gold in Zurich**

	Troy Oz	Kilos
Price	\$926.48	\$29,787
Quantity	3.76	0.117
Value	\$3,485.08	

**BullionVault's Market Order Board - As easy to work as:  
Best bids(click to sell) Best offers(click to buy)**

where 36,000 users are free to bid and offer high integrity gold bullion to each other.

To earn the spread you simply act like a market maker. Offering the cheapest gold - just, and bidding the highest to sellers - again just. If you manage to buy and sell and take the small spread, you're making the market, just like the professionals although probably with smaller deal sizes. BullionVault is absolutely unique in offering this to the private investor, and don't think for a moment that private buyers can't cope. They love it.

**(Q) When actively trading gold bullion at BV, what is the 'spread' and how do customers have the option to 'earn the spread.'**

The spread is set by users according to market conditions.

We love it too. When one customer sells direct to another none of BullionVault's working capital is tied up in the transaction, and since all our back-office processing on this trade is automated and instantaneous the (small) commission we make is all profit.

It's a deal which is in everyone's interest.

**(Q) Do active traders who buy and sell often make up the bulk of your customers?**

No. The huge majority of our customers buy gold to own it for the medium to long term, and choose BullionVault as the safest store of wealth they can find. Active traders are the minority who like watching for opportunities on the market.

**(Q) Do you have any tax reporting requirements on a customers sale of gold....if tomorrow I sell a million dollars worth of BV gold, is that sale reported to the tax services?**

No. Gold raises no taxable income which is what is ordinarily reportable at source. All users are responsible for reporting gains appropriately to their own tax authorities.

**(Q) I understand that BullionVault is obliged by law to establish the identity of its customers. This is the standard for everybody in today's world. What jurisdiction's rules does BV adhere to, also do you have an active AML policy and who created that for you?**



**Great charts like this one below are available from just about every page on the BullionVault web site. If you need to check pricing while you place an order there are pop-up price graphs like this one always just a click away.**



That's a couple of questions rolled into one. First - money laundering. Yes - we must establish the identity of our customers. This is not too onerous for customers or for us. We take deposits only through the banking system direct from the customer's bank - which should be trusted internationally (which includes just about every major Western bank). We require our users to submit scans of a photographic id (usually a passport or driving licence) and a scanned bank statement which we check to the source of funds. It's that easy.

Remember we are not under pressure on money laundering. Because we always pay money back to an account in the same name as the money was deposited from (and almost always to the originating bank account) we are not a useful service for money launderers. In operational complexity this is a major advantage over DGCs.

Now jurisdiction...

We are a British Company so of course we are under British jurisdiction. Our customers own gold either in London, Zurich or New York, which places their property under one of those jurisdictions. The two are not the same thing. Once you have bought gold in Switzerland we are simply an agent for arranging the payment of your custody fee for your Swiss held property. That means a US customer with Swiss held gold is not exposed to British jurisdiction.

This is tangible property, and it is held directly by you, so it is not abstracted under some complex trust deed drawn up under British law (another advantage of the way we're set up). So whatever a British government might wish to do to gold held by BullionVault customers in Zurich they cannot easily do much, any more than a British government could take possession of Swiss houses bought through a British real-estate agent.

In reality only domestically held gold places the owner's gold under the power of the domestic government. That is why domestic gold ownership is widely considered more risky than - for example - Swiss gold ownership.

I don't want to revisit the possession issue I talked about earlier, but arms length ownership has proven again and again the smarter route for private gold ownership. For example in America in 1933 it prevented its owners being fined and imprisoned. In Germany in 1932 it prevented its owners being incarcerated and eventually gassed. In Russia in 1917 it prevented its owners being shot. In France in 1720 and Argentina in 2001 it prevented the entrapment of gold behind exchange control barriers. These are just a few famous occasions. Wealthy people are usually relaxed about remote ownership in the right place provided they can see how ownership is structured, and we are exceptionally transparent.

**(Q) When paying for a gold purchase, can I have a friend who owes me money send it directly to you from a third party European bank account?**

No. We'll send it back. It would break anti-money-laundering policies.

**(Q) How secure do you consider BullionVault to be? Is it risk free ownership?**

I never believe any investment is risk free. There is no such thing - and that includes bank notes, Treasury Bills, cash deposits, 'guaranteed' capital bonds, and gold - in any form. But I do think the risks on BullionVault are exceptionally small and transparent - and I think offshore stored gold is, right now, very much safer than the benchmark of safety - the Treasury Bill - primarily because of inflation risks.

There is a small risk of loss to theft and damage - both incredibly rare in a vault. Both these risks are insured, so the owner's real risk is if these events occur simultaneously with the bankruptcy of the insurer, and that is a very small risk indeed. There is also the risk of invasion, or nuclear war, both excluded under all bullion insurance policies.

But overall if anyone can find many savings mechanisms which are less risky I'll be surprised. We've eliminated credit risk because there is no margining in BullionVault. We've eliminated counterparty default because we operate instantaneous settlement. We've eliminated shipment risk because the gold is already in the

vault when it is bought. We've eliminated the risk of litigation arising from bad legal drafting of Trust documents, because this gold belongs to you, not a trust. We guarantee against faulty bars, and operate in the most secure professional bullion vaults in the world. And we've got three vaults in separate locations, so although we can't eliminate geopolitical risk we've at least given our customers a uniquely broad choice, and - through instantaneous 24/7 settlement (which is unique to BullionVault) we've provided them with the ability to trade within minutes out of a deteriorating jurisdiction and into a different and safer one. This is very much easier and faster than trying to arrange a shipment in a time of crisis.

Customers also get peace of mind from the Burglar Alarm, which sounds your cellphone every time someone - including you - logs into your account. They also like the fact that we only allow money to be sent back to the original funder. Above all they like the transparency of our Daily Audit, which eliminates record-keeping risk. I think this is one of the most underestimated of all risks in modern securities markets.

**(Q) Can I transfer funds from my BV account to friends like I can with PayPal?**

Absolutely not. If you could, then anyone who used a clever keyboard logger to find out your password could move your savings away from you. On BullionVault you have a permanently linked bank account which can only be changed by duplicated requests from yourself and your new bankers. It cannot be changed on-line. This is what I mean about BullionVault storing value. When you want to pay people use a payments system. DGC's are pretty good, so are checks, and cash, and credit cards, and PayPal. We don't compete in the payments system space.

**(Q) When I sell gold, how quickly can I receive my funds at a US bank?**

Your sale settles cash to your BV account instantaneously. You can enter a withdrawal request immediately, and we transmit funds by the end of the following business day. In the US you will usually receive same day cleared funds on the day of transmission.

**(Q) If gold is fluctuating wildly in price I don't want my new buy order to be held up with some sign up procedures. If one of our readers wants to open an account at BullionVault, how long does your sign up, fund and buy process usually take?**

Signing up takes 2 minutes - really - and you get a free gram of gold when you do it.

Sending money can be same day. It depends on how well your bank knows you. Larger sums with less well known bank customers usually mean the bank wants you to visit, prove your identity and sign a bank-wire request form. Your money will usually arrive in London the next day - but if you are up early enough (i.e. while London banks are still open) we get US East Coast money within about two hours. You can pay by check or on-line billpay too, but that takes a few days to arrive. The details are on our Help System.

Buying the gold takes a matter of seconds. Many users contact us when they're ready to buy and we tell them on the 'phone which buttons to press.

**(Q) What is your goal in operating BullionVault, how would your mission statement read?**

I can tell you that verbatim. It's on the website... BullionVault's objective is to create the world's most cost-effective, secure and accessible market in professional grade gold bullion.

We want to do this because :-

- We believe there is a deficit of financial responsibility in many modern governments and financial institutions.
- We believe that modern currencies and other paper based value systems will inhibit savers from retaining their domestic and worldwide purchasing power.
- We believe that using gold to provide protection from this problem is a strategy which has become inaccessible to individuals.
- We believe that we are uniquely well qualified to re-build that accessibility and to manage the service in a way which maximizes security, accessibility and value for our customers.

**(Q) I know you are in the UK and your main account there is with Lloyd's TSB. Are US**

BUY		SELL		WIZARD	
<b>Market wizard</b>					
Describe your order below					
Buy/Sell	Buy				
Gold vault	London				
Currency	Euros				
Fix my	Quantity (kg)				
Set at	0.684				
<b>Suggestion</b>					
This bid order may meet your immediate needs.					
Price per kg	€20,101				
Quantity (kg)	0.684				
Order value	€13,749.08				
SUGGEST		PROCEED			

**BullionVault's Market Wizard will help you quickly place an order**

**buyers in for a big time 'overseas' wire fees and waits when they send funds from the US?** US wires are sent domestically to our US collections account at Bank of America in New York. Depending on your bank it costs about \$30 for same day funds. The international wire is done automatically from Bank of America to us in London, and at our expense, so US users don't have to concern themselves with it. They are paying for a normal domestic wire transfer. If they choose checks or billpay the transfer is free, but it takes longer to arrive.

**(Q) How fast do buys and sells settle on BV?** Settlement is instantaneous. A seller must have vaulted gold in the offered vault to be allowed to offer gold on BullionVault's Order Board. A buyer must have cleared cash in the currency of the bid. Since all the resources are on-hand we have immediate settlement.

**(Q) If I send BV a million US dollars tomorrow and buy gold and a month through some act of**

**God, your company fails, where does my gold ownership stand? Is there a permanent record located with a audited third party where I could claim my proper ownership?**

If any or all of BullionVault, Lloyds TSB Bank, and Via Mat fail your gold is perfectly safe. The reality is there would be a delay in getting your hands on it, but it is your property, and no liquidator can do anything other than return it to you. BullionVault is run more cautiously than any other business I have ever known. Shareholders funds are all held as gold and cash (no liquidity problems here) and currently amount to about 6 times annual running costs.

Unlike a bank we do not lend. All gold and cash in BullionVault is immediately available, so there is no "borrow short and lend long" liquidity problem. A 'run' on BullionVault would be profitable for us and increase our financial strength, as we earn commissions from customer sales. Permanent records of ownership are produced daily and stored daily in at least two locations. The 'alias' list is in the public domain. You can use your RSS Newsreader to download it daily.

**(Q) Do you allow corporate funds, both short term and long term to be used for the purchase of bullion? If IBM came along and said, we want to invest a portion of our pension fund...?**

Yes - but I expect IBM's pension fund might buy an amount above \$10 million, and at these levels direct vaulting may be a cost effective option. Even then I'm fairly certain we can get the deal done faster and cheaper than anyone else, so it may be the case that we would be used temporarily, to buy and store bullion, while IBM's trustees set about negotiating their own direct storage contract.

**(Q) I'd like to see the use of digital gold (DGC) become more mainstream, and gold used more for daily business and money transactions. Do you agree that Internet business could be expanded in this direction or should we only be using gold as a store of value, a trading and investment vehicle and a 'better' savings account?**

I think I've answered this before. Yes - gold is honest money. But honest money is not popular with politicians in the long term, so

<b>BUY</b>		<b>SELL</b>		<b>WIZARD</b>	
<b>?</b> <b>Bid details</b>					
Enter your order below					
Gold vault	London				
Currency	Euros				
Price per kg	20,033				
Quantity (kg)	0.684				
Order value	13,702.58				
<b>?</b> <b>Bid duration</b>					
How we process your order					
Permanent	<input checked="" type="radio"/>				
Immediate	<input type="radio"/>				
Fill or Kill	<input type="radio"/>				
Until date yyyy-mm-dd	<input type="radio"/>				
<b>BUY/BID</b>		<b>CLEAR</b>			

## Buying Gold Online Has Never Been Easier

they tend to arrange for its eventual failure, usually accidentally. In my opinion DGCs are fighting an uphill battle against Gresham's law, although their hearts are in the right place.

**(Q) What does BullionVault offer the regular monthly investor who wants to buy a couple of ounces each month for his long term investments....what advantages does BV offer over the one ounce Krugerrands found at a local coin shop?**

You can set up a standing order easily enough. We'll email you when your money clears, and then you can buy your gold at the moment you choose.

As for coins, the problem is that they are bought on very large premiums to the spot price, they are sold at substantial discounts to the spot price, and they leave you with all the domestic storage problems which wealthy people try to avoid. I keep six gold coins, three Sovereigns and three Liberties (I like the feel of the Liberty "Buffalo" best). I expect they'll eventually be lost or stolen or

I'll have to leave them to someone when I die. But there's a tiny chance they'll be useful before then!

**(Q) Will my fees get lower if I begin spending more each month?**

Purchase commissions start at 0.8% and rapidly diminish rapidly above \$30,000, down to a minimum of 0.02%. We aggregate your investment over the year, so you don't have to buy all at once to get down to the lower commission rates. So - yes - your fees steadily reduce.

**(Q) What's goes on at your news and analysis web, over at <http://goldnews.bullionvault.com/> this seems like a fantastic place to learn more about gold and trading...**

We try to keep the content high quality. We don't give free access to all comers, but post only what we rate highly. Adrian Ash is the editor, and his own writing is very well known in the gold market. I think he writes more original and sharp comment on the gold market than just about anyone. There's a large archive all on line. Lots of this stuff is - as you say - excellent.

**(Q) I've spent weeks reading Galmarley.com it is an EXCELLENT resource for anyone wanting to learn more about gold and money. Who runs that web and do you contribute?**

Galmarley's name is a tribute to three writers. Professor John Kenneth Galbraith, Alexander Del Mar, and Robert Smitley, all sadly now dead. Between them they taught me enough about economics, gold and investing to set me on the road to creating BullionVault. I wrote most of the Galmarley site myself. I hope the information helps people get to grips with the whole gold picture.

**(Q) Is BullionVault regulated by the FSA there in the UK?**

No. It's regulated by straightforward property law, which is far more reliable at finding and prosecuting wrongdoers than complex securities law seems to be. Because our users are buying physical gold, not some complex gold security, and because they are exchanging their money for physical bullion at the instant of trade, they are deemed in British law to be competent to understand the nature of the transaction.

The entire physical bullion industry in London is regulated by ordinary property law in this way, and it has not suffered from some of the imaginative scams that have materialized elsewhere in the securities markets. This is - in part - why London remains the biggest and most trusted physical bullion market in the world. We buy all our gold through London dealers.

**(Q) Who handles the vaulting of your gold bars and in what jurisdiction or locations?**

Via Mat handles all our vaulting. It is Switzerland's main vaulting business. It operates in all three of London, Zurich and New York.

**(Q) What can you tell me about the vault services from ViaMat? Why do you use them?**

The vault operators need to operate in each of London, New York and Zurich. There are only 2 practical choices - which are Via Mat (Swiss owned) and Brinks (US owned). We used to vault at Brinks, but we switched to Via Mat in April 2007. Our customers seem to be happier with Via Mat because of its Swiss ownership.

**(Q) Do you currently have a referral policy if I decide to promote and send visitors and customers to your web site? Can I earn gold?**

Certainly. Where new customers are referred to us by inbound links off other peoples' websites we share 25% commission with the referrer. They get it credited automatically to their own BullionVault account at the instant the client trades.

**(Q) Do you charge a monthly service fee like a bank or is there a storage fee based on how much bullion is in the account?**

We charge a monthly fee. It is 0.12% per annum charged monthly in arrears, and it is subject to a \$4 per month minimum. You will pay \$4 a month if your

holding is less than \$40,000. \$100,000 stored will cost you \$10 per month. You can use all three vaults if you wish, as this doesn't escalate your storage bill. Those fees includes insurance. Gold is very easy to store because there are no complex stock splits, dividends, rights issues etc to administer. It simply sits quietly in a highly secure vault. That's why our storage rate at 0.12% per annum (less than 1% after 8 years) comes in at less than a tenth of share portfolios which I read recently charge an average of 1.31% per annum in management fees.



**(Q) Has BullionVault experienced any fraudulent transactions or accounts since it has been open?**

We are not aware of any at all. I hope that does not suggest complacency. We reconcile all our cash statements and bar lists every

day, and publish the result on-line. We send statements to all customers monthly. We provide extensive feedback to registered email addresses when things happen on their accounts, and we notify log in to cellphones via our Burglar alarm. There is a subtlety about the Burglar alarm and the mandatory return of cash to a customer's own bank account which is worth sharing. If a criminal logs into an account the account owner will probably contact us immediately - if their cellphone is switched on.

The criminal will not know. We will trace the connection, and inform the local police. The point is that an immediate response like the Burglar Alarm greatly increases the risk of being caught, while the inability of moving funds to anywhere other than the rightful owner's bank account greatly reduces the motivation for trying to hack.

**(Q) What excites you about gold bullion?**

I'm not very excitable. I think gold - particularly

held overseas - is necessary for effective wealth storage in the modern era, and it will for some years be an extremely important component of private savings. What I do get a kick out of is providing something which is so important, and so fairly priced, that customers go to the effort of writing thank you letters. We publish many of them on our Customer Comments.

**(Q) What is a 'London Good Delivery Bar'?**

A London Good Delivery bar is a big 'James Bond' style bar of gold. It weighs about 400 oz and is worth about \$350,000 [at \$880 per oz]. It was made by an accredited refiner, and has stayed forever in accredited professional vaults, which gives it very high integrity. On the professional market a seller must deliver these 'good delivery' bars to the buyer, or the delivery is bad and the seller won't get paid.

**(Q) When you say, "Here is a couple of 400oz bars" do they both weigh exactly 400oz even?**

No. There is a surprisingly wide manufacturing tolerance. But everything takes care of itself, because when you buy a bar the market multiplies the fine weight of the actual bar by its purity, and both of these amounts are known to very high precision on a good delivery bar (they are stamped on it by the bar's original assayer). The amount paid for a bar is the agreed price multiplied by the actual pure gold content of the specific bar.

Nobody pays either for impurities or for a specific bar being underweight.

**(Q) Who is your ideal customer?**

There is no ideal. We price the service so that the service as a whole is good business whatever the size of the customer. Nor do we mind where the customer comes from. Unfortunately certain parts of Africa and some other parts of the world lack a banking infrastructure of sufficient integrity for us to do secure business there. But we already have customers from more than 80 countries worldwide.

**(Q) Do you have any real competition for BullionVault? If so, who would you consider to be your online competition?**

There is lots of competition to keep us on our toes, but it isn't all on-line. Obviously DGCs are part of it.

**(Q) What methods of payment options do customer have for funding dollars into a BV online account? Can I use my credit cards?**

We accept checks (US and UK), most on-line banking payments, and international bank to bank payments.

You cannot use a credit card on BullionVault. Credit card transactions usually cost 1.5% or thereabouts. We didn't go to enormous lengths setting up BullionVault to be able to provide gold at well under 1% costs to customers only to see 1.5% going in credit card transaction fees! I'm afraid credit cards are for retail, where sellers' margins are 50% or more. They're not sensible for investors.

**(Q) Some people have voiced concerns that BullionVault is a "sealed system", meaning that if there are no counterparties within BullionVault there could be a liquidity problem. Is this a valid criticism?**

No. I don't think so. BullionVault is not a sealed system with a fixed amount of gold. It continually transfers gold to and from the main bullion market, and these movements reflect the aggregate retail customer demand or supply within BullionVault. On the professional side we buy up to five big bars at a time (more than \$1.5 million) when our inventory is running low, and we sell them back when we have too much inventory. These deals can happen several times a day. But on the retail (internet) side we allow trades of one gram! The aggregate of these small retail trades is being offset regularly by big bar trades on the professional side, which keeps us broadly market neutral. Think of BullionVault as a buffer between professional and retail markets, where the highly efficient BullionVault.com system grants retail size orders access to professional market pricing, which it can do because the retail trade administration is highly automated on-line.

But, just in case anyone should be concerned, we allow unique and very special extra privileges to all our users. Firstly some 35,000 people can compete with us to buy gold on our own public order board, outbidding us where we are bidding too low. And secondly they also have the right to deal on main market once they are in position to make settlement. OK, so main market settlement

is denominated in 12.4 kg bars beyond the reach of most of those 35,000, but many of our customers have at least this; and the combination of these rights provides an economic rationale - arbitrage profits - for our users to make bids should BullionVault prices diverge from the main market price. I believe it is a far safer market which depends for liquidity on people seeking profits rather than on some more-or-less reliable commitment by the market's operators to offer future liquidity. Of course the fact that these rights exist for all BullionVault users means that prices on BullionVault have never gone to a material discount - or premium - to main market gold.

Your eagle-eyed readers will spot that this mechanism depends on there being a main market in gold. Here we can only look to history. Liquidity in most other forms of wealth, like currency and securities, comes and goes, and when it goes it is usually permanent, signifying the worthlessness of the underlying asset after a few decades of usefulness. Nothing has lasted like gold - or come anywhere close - through about 4,000 years.

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

Personally? I don't carry any. I used to carry a sovereign, and use it to show people at business dinners how difficult it is to get people to accept gold as a payment. But I lost my wallet and the sovereign was the one irreplaceable thing in it! I don't carry any gold any more.

*--I'd like to thank Paul for taking time to answer my questions and encourage readers to visit his web business. BullionVault really is a remarkable way to purchase gold online.*



**Rise Above The Herd Use Digital Gold**

# The World of Loom

by Staff Writer

If you have not been following the recent emergence and growth of Loom Software you really need to get caught up! Loom is a new and innovative type of value transfer system that has been gaining popularity over the past year. It's basically an open source program developed by well known DGC programmer Patrick Chkeroff. The impressive qualities of Loom are highlighted by its simplicity and versatility and I've written about it many times. (1,2,3,4) The current Loom software functioning at [www.loom.cc](http://www.loom.cc) offers a silky smooth user interface chocked full of new features and refinements.

## How Does It Work?

Digital units representing anything of value can be easily created by any user and moved across an enormous virtual grid. Account holders place value on a grid coordinate, then tell the receiver where to 'pick up' the value. That location is called the drop point. With the location in hand, a receiver simply visits that point and collects his value. As discussed below, this process of visiting and acquiring new assets can now be accomplished with just one mouse click.

Any user can create his or her own private brand of digital value units or as some users call them, digital IOUs. There are NO transaction fees for moving value around the grid. If all that sounds complicated, its not! Loom software is some of the easiest stuff in the world and the interface is very user friendly. You only need about 5 minutes to get up and running. The Loom software's simplicity makes it so powerful and universal.

If you are not the creative type and just want to use the generic Loom assets already in use, you're in luck, there are commercial public assets units already created by some well known DGC personalities. Anyone is welcome to buy them from any third party agent and swap value with anyone else.

There are no financial or jurisdictional restrictions on Loom's operation and you can visit [GoldNow.st](http://GoldNow.st) to purchase some tokens which will get you started. The current list of Loom based Currencies or 'Asset Types' includes:

## General Public Asset Types

- Cartwheel USD
- Patrick GoldGrams
- GoldNowBanc GoldGrams
- Capulin Currency \$
- Wontongold Grams

There is also an entire new series of asset out now called HayeKoin.

## HayeKoin Digital Mint Series

- HayeKoin Silver Ounces
- HayeKoin Gold Ounces
- HayeKoin eCache
- HayeKoin c-gold
- HayeKoin e-gold
- HayeKoin Pecunix
- HayeKoin e-bullion

The HayeKoin Digital Mint Series is the newest asset 'mint' and recently I got a chance to ask Patrick Chkoreff, a few questions on this topic. Here is what Patrick had to say:

(Q) I also see some new Loom assets called HayeKoins, is that named for Friedrich Hayek?

(Patrick) Yes, the people who created those asset types have named them after Friedrich Hayek.

(Friedrich August von Hayek, was born in Vienna during 1899. He was a famous Austrian-British economist and political philosopher known for his defense of classical liberalism and free-market capitalism against socialist and collectivist thought in the mid-20th century. (Hayekian Liberalism)

(Q) So the person who created this asset is just a regular user and decided to claim the name HayeKoin Digital Mint Series?

(Patrick) Yes, an entirely independent user created



new asset types, along with a page inside Loom to describe them. “Loom” doesn’t create asset types.

(Q) I see that Bill St. Clair has created a Loom iPhone interface, can you tell me about that?

(Patrick) Yes, Bill created his own web site and developed an alternative interface to a loom folder. He used the “API” (Application Programming Interface) to connect with the core Loom system. That demonstrates how straightforward it is to create entirely independent applications with any



look and feel you want. The core loom system itself is designed \*specifically\* to support this kind of independent third-party development. Bill is very quick and perceptive, but he’ll be the first one to tell you that the Loom API is very easy to use. So you don’t have to be programming guru necessarily.

Today, February 17, Patrick announced that version 61 of the server code is now operational and includes the following improvements:

--Users can now claim an asset with a single click. Therefore the “Take” button has been eliminated, and only “Give” remains.

--Users can now add a new asset to your folder by copying and pasting a single piece of text. For example: id: 26ef701a952fe3d641a69bf859db71c2 scale: 7 precision: 3 name: Patrick GoldGrams

--The tabs in the folder interface now show as “Wallet,” “Contacts,” and “Assets” to reflect simplified terminology.

--Each tab in folder interface now has a very thoroughly written context-sensitive Help link. Be sure to click Help as you run through the various tabs.

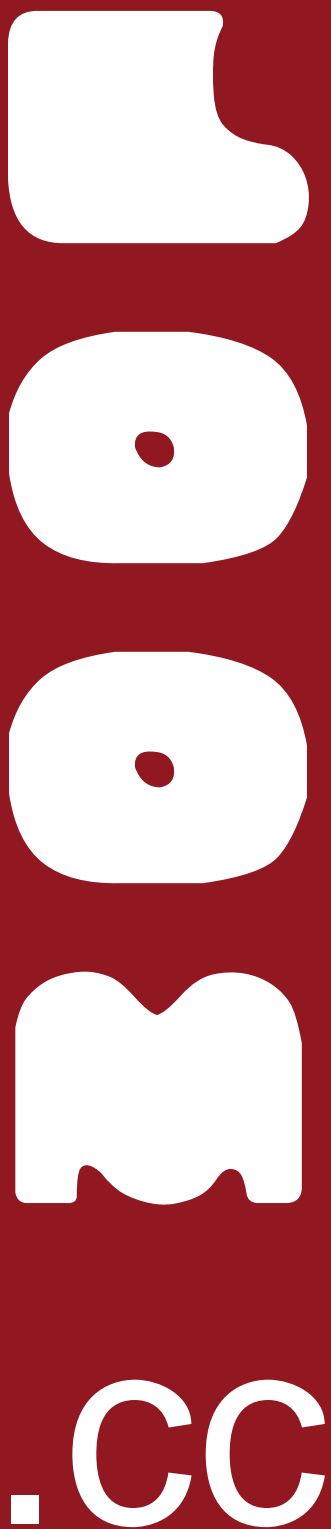
--No more green dots. If you want more detail on something, click it. To avoid visual clutter, we often use links that don’t appear as links until you hover over them.

--When the ‘history’ feature is disabled, the entire history display now disappears. Formerly it would still display your history without recording any new transactions until you enabled it again. The helpful ability to hide the history altogether, cuts down on distractions and page load time when you really just want to move things around fast.

--A new feature in the Archive API, and consequently in the Content Management System, to guard against overlapping writes. If two people are editing text at a single location, or even uploading files to a single location, the system will detect if anything changed “under their feet” and not clobber the other user’s changes. The system also gives a helpful message describing a simple recovery mechanism for integrating the overlapping changes.

--Although the Vending Machine API is not yet implemented, the new feature of claiming an asset with a single click is the perfect lead-in to how vending machines will operate inside folders. Soon, two-way trades will be utterly simple and rock-solid in all respects.

A great way to learn more about the Loom Software is to visit Bill St. Clair’s web site and blog. Bill has developed the first of its kind, iPhone interface for Loom allowing cellular users access to their folder accounts from anywhere. Loom software is certainly a rising Internet star for those seeking alternatives to everyday online commerce.



# Loom Gold Audit

by Jim Davidson

Dear Friends,

In keeping with the independent audit functions available from myself as a Fair Witness, and from Vertoro generally, I would like to report here, briefly, on the recent visit I made to see the gold coins which Patrick has in allocated private storage for his Loom gold. Reaching the vault required driving on mountain roads through countryside not part of the United States. I'll say right up front that I think Patrick drives very fast. Not quite to the point of intimidating me, but quite fast, indeed. Go Speed Racer, go! After reaching the vault site, there was some business with getting into the actual building, and then to the proper floor, and then to the vault door, and then inside the very vault itself. I was impressed with the overall level of preparedness and security.

Inside, there were many fine things, including an appropriate number of gold coins of the correct denominations and weights. After checking these out most thoroughly, we went for some really excellent Capulin coffee nearby. Then it was back on the road for me! All in a day's work for a digital gold enthusiast. I tell you what, if this Loom stuff, combined with some good work on the digital bearer instruments side, combined with some rational audit services of the type envisioned and detailed by George Hara, doesn't function as the next great new thing, I don't know what would. And, the exciting thing is, I know of several other teams working on the next new things. What they won't tell me is a lot!

Regards,

Jim

<http://vertoro.com/>

# Korea Leads In Gold Banking

By Staff

**B**anks in South Korea are leading the world with their consumer gold accounts. Daily savings accounts containing gold and not national currency have become very popular.

month, the bank launched the sale of gold bars at its nationwide branches. The investment returns of owning gold have far outpaced any interest bearing local account.



At Shinhan Bank and others in Korea, because of surging global demand for the precious metal, they are focusing their plans to strengthen their gold banking services and enable more of their customers to easily invest in gold. Gold investment services first debuted in S. Korea back in 2003 but since that time they had gained little attention from the local banks. Last year Shinhan Bank, started offering "Gold Riche" accounts. These bank accounts allow depositors and investors to save gold, instead of local currency. Additionally, last

"Those who bought gold through Gold Riche accounts six months ago reaped 36 percent in investment gains as gold prices have risen sharply," a Shinhan official said. "The average transactions of gold through the accounts stood at 963 kilograms a day, but it has grown to 1,890 kilograms." \*koreatimes.co.kr

Other popular banks in the region, such as Kookmin Bank and Industrial Bank of Korea, plan to offer gold accounts later this year. As oil prices have surged and the value of US dollars has dropped, precious metals such as Gold have emerged as a popular and safe investments. Quoting a Kookmin bank official, "We've decided to tap the market in line with the growing demand for gold and forecasts of global economic slowdown."

Other popular banks in the region, such as Kookmin Bank and Industrial Bank of Korea, plan to offer gold accounts later this year. As oil prices have surged and the value of US dollars has dropped, precious metals such as Gold have emerged as a popular and safe investments. Quoting a Kookmin bank official, "We've decided to tap the market in line with the growing demand for gold and forecasts of global economic slowdown."



# XeroBank Interview

## With Steve Topletz

by Mark Herpel

As the Internet evolves into a more useful medium of commerce for shopping, banking, employment, and social networking, more and more confidential information is exposed.

Sensitive information from personal computers, banks, and even governments is now the daily target for skilled hackers and identity thieves. If you are not careful, your financial data is just a click away from being exposed and misused. Since digital gold currency transactions are not refundable, DGC users are a frequent and special target of the hackers.

Thankfully, a serious contender has emerged to combat these threats. XeroBank is poised to offer a digital strong-arm against would-be snoops, thieves, and hackers. Debuting with sophisticated technology, this new offering displays cunning insight into the needs of its clients. For all practical purposes, XeroBank allows you and your data to become invisible on the internet.

XeroBank has proven itself in the past with the free, anonymous browser, called xB Browser, formerly known as Torpark. xB Browser is indeed the most popular anonymous browser on the internet, with over 6.5 million downloads under its belt.

This month, XeroBank prepares to launch its upgraded network, offering private surfing, and anonymous email. Next month, services will expand to

offshore file storage as well.

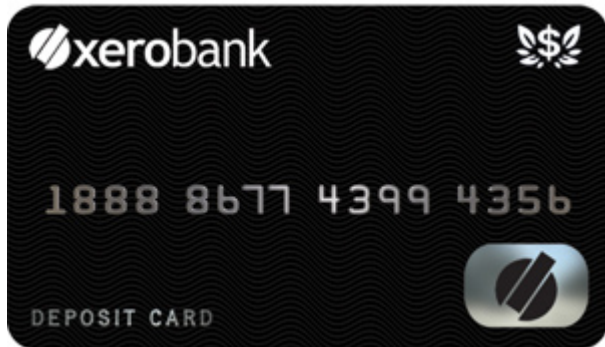
Steve Topletz, a consultant with XeroBank, agreed to give us an interview.

**(Q) Tell me about your privacy services and how they work. How 'anonymous' are they?**

In the XeroBank 2.0 network, all your computer's traffic is anonymous and encrypted, no matter what program you are running. It all gets routed into the XeroBank network, without exception or need for configuration. That includes instant messages, mail, ftp, voice chat, file sharing, web surfing, and any other traffic you can think of. That means that eavesdroppers will have no way to know what websites you visit, where you go, or what you are doing while you are online. While there is not currently any scientific way to measure anonymity, the XeroBank network provides the fastest commercial privacy network in the world, while employing sound security techniques. For example, let us say you are a US customer. You use our software to select that you want your traffic to appear to be coming from Switzerland. XeroBank would first route your encrypted traffic from your US location to an entry node, perhaps in Canada, then across the Atlantic Ocean and out from a node in Switzerland. Your XeroBank traffic never exits from the same country it entered. This technique makes it difficult for an ISP to analyze the traffic because it travels out of their network. We also employ cryptography where applicable, and we have a no-logging policy regarding customer activities. Subsequently, XeroBank does not have specific client data to share with network providers, legal authorities, or law enforcement of any jurisdiction. However, we can track criminals and scammers if we are determined, but any indi-



vidual or corporation would have an exceedingly hard time trying to do it themselves, and it would be virtually impossible to force us to do it against our will.



**(Q) Who are you intending to pick up as a customer by offering such a privacy service? Who needs this kind of protection?**

The sad fact is that everyone needs this level of protection. Too often we assume that our financial affairs, purchases, phone calls, emails, surfing habits, and messages are secure from prying eyes. The reality is that all of these pieces of information can be compromised at many levels and likely have been already. We believe in the inherent right to privacy of all people, and our services strive to manifest this right with easy-to-use solutions. With XeroBank, you put an end to everyone who would like to gather data about you, your family, or your business. When they try to bite down on your data, they will only get a mouthful of encryption.

**(Q) Tell me about the XeroBank Client Secrecy Guarantee that I find on your web site. Why do you have one?**

The XeroBank Client Secrecy Guarantee is the first document of its kind. Unlike other privacy policies which state what a company plans on using your personal data for, our Client Secrecy Guarantee asserts how your data will be protected. All other major anonymity providers are subject to US interference and tampering, so when someone comes along and requests your information from them, they have no choice but to comply.

XeroBank is immune to such tactics because we are incorporated in the Republic of Panama. Since

we are an international company and offer privacy protection services not only to individuals, but to companies and governments as well, we must be very democratic in our relationships.

**(Q) The xB Browser: I've been using the free version for some time now, but how exactly does it work? How did this product evolve?**

xB Browser started life back in 2006. I wrote it for a human rights organization called Hacktivism, which focuses on anti-censorship and privacy. The browser allows people to create secure connections, blocking anyone from seeing what you are doing. The software can even be installed onto USB, so you can take it anywhere. After the project was picked up by XeroBank, we began designing the next generation of anonymous browser.

Today xB Browser offers an impressive set of features. When you combine it with the XeroBank network, you can experience the internet and its rich media at broadband speed, without leaving tracks or compromising your privacy. Additionally, we've added some rather sophisticated features that even most anti-spyware lack, such as removal of Flash cookies.

**(Q) What other software do you provide?**

We will be releasing xB Mail, which will operate in the same way as xB Browser, except it will be used for e-mail. Naturally it is designed with XeroBank's network in mind, but it is a universal mail client based on Mozilla Thunderbird. It performs PGP encryption and connects to our anonymous mail servers. Again, you never have to worry about sending mail in the clear, as our servers only accept encrypted connections.

We also offer a secure operating system called xB Machine. It is a hardened Linux system that looks and acts like Windows, so it is easy for everyone to use. It can run on Mac, Linux, or Windows when you use VMWare. We will be releasing a new version of it in a few weeks that is standalone, doesn't require VMWare, and can also be booted from CD, if you don't trust your host operating system. This software is used for critical financial transactions that must stay anonymous and private. The tech-

nology involved is highly resistant to hacking and spying, even in the most hostile environments.

**(Q) Where are your servers located that handle all this traffic?**

XeroBank servers are scattered in data centers around the globe. Our unique network design allows us to fearlessly operate in any country in which we choose to deploy servers. All servers are virtualized, encrypted, password- and key-encoded, and security-hardened. If servers are tampered with or unplugged, they will not run. If someone was to attempt to steal our servers, it would render no useful or unencrypted data.

**(Q) I know countries like China have been big on censorship and blocking communications within their country. Can you offer services to people in these types of countries where the government is clearly anti-freedom?**

For those who want to use our services, but are blocked from entry by their ISP or country, we will offer private entry nodes into our network for their XeroBank account.

**(Q) What needs do XeroBank privacy products fill, and what do you offer that is different from anyone else?**

We offer a level of security and responsiveness, that until recently, wasn't available unless you were a super-power government with bureaucrats and agencies. With XeroBank, you can have cutting-edge security that you can carry in your wallet.

**(Q) Are you referring to your XeroBank card solution? What's the advantage of that option?**

The way it works is like this: you have two cards. The first is your Deposit Card, and that is how you fund your account. This card can have your identity and financial information attached to it without risk. The second card is the Access Card, which is essentially the "numbered account" that anonymously spends the balance you deposited with the first card.

The main advantage is that the Access Card is all

you need. You can download our software for free from anywhere, and you use your Access Card number to access your services. Carry it in your wallet, and give additional Access Cards to anyone with whom you want to share your services.

With the Access Card you don't need to remember any usernames or passwords. You aren't limited to the number of downloads, nor are you exposing yourself to compromise or financial loss if you misplace your card.



**(Q) Why are there two cards?**

This is because we are literally separating the account from the activities that the account pays for. If your account is for personal use, you keep your Deposit Card hidden, encrypted, or memorized, and you carry your Access Card in your wallet. If you want to share XeroBank with others, you can give Access Cards to whomever. Each card gives them their own anonymous email account and services, which you can turn on, set limits for, and turn off. This design is also well-suited when a business wants to employ XeroBank services. The manager holds onto the Deposit Card and distributes Access Cards to the employees. The manager gets to control the expenditures, and the employees have peace of mind that no one, including the manager, is spying on them.

**(Q) How is it anonymous if your financial information is attached?**

Great question. Unfortunately, the answer is slightly technical. We designed a new technology called VAULTS, which stands for Variable Anonymous User Letterbox Token System. VAULTS allows you to buy "tokens" using a real identity (the Deposit Card), and drop the tokens off in the "letterbox".

Your anonymous account (the Access Card) is the only one that can pick it up and redeem it for services. The transaction is one-way, meaning that we can't find out which Deposit Card funded an Access Card; that is something only the Deposit Card holder knows.

**(Q) Once I have a XeroBank Deposit Card, can I add funds using digital gold?**

We will be accepting virtually all digital gold payments, and will be automating payments with Pecunix, eCache, and Loom gold. Naturally, we will also be accepting credit cards, PayPal, and wire transfers.

**(Q) How does a subscription to XeroBank work?**

In the new XeroBank 2.0 service, launching this month, you will sign up with us and get the first month free. If you decide to keep your subscription, we will bill your card a monthly fee, or you can pay us monthly in gold.

**(Q) Why do you accept digital gold and other sorts of digital currency?**

While XeroBank is the first serious service geared towards the general population, we have a deep respect for hardcore privacy enthusiasts, because that is where we came from. Privacy and security are not opposing values; they go hand in hand. These principles are manifested in gold as an exchange of value, so we gladly accept it in exchange for our goods and services.

**(Q) What other privacy solutions does XeroBank offer?**

We have developed equipment called CryptoRouters that allow you to anonymize and encrypt your entire home or office without any software at all. Plug our CryptoRouter into your network, and all normal connections will be automatically encrypted and routed into XeroBank. They can handle up to 250 users each and will support wireless connections as well.

We will also be offering dedicated servers for leasing to businesses that need their own XeroBank-protected anonymity, storage, mail, and VoIP servers. They will be able to brand their own domains and websites onto these servers, in addition to picking custom entry and exit nodes. We will also provide camouflage services that will create custom entry nodes into our network that appear to be generic websites.

**(Q) Lastly, why go with the name, XeroBank?**

Quite a few people have asked that question. The reason is that we bring back the lost ethic of banking secrecy, but instead of financial banking, we focus on data banking. Our customers are clients with numbered account and not just users with names. XeroBank is passionate about customer privacy and data secrecy, and we set the highest standard for all institutions. We understand that your information isn't just data, so we empower individuals to take back their privacy.



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



(4)

http://support.xerobank.com/IPSpy/

Google

XeroBank Privacy News

PASSED

Anonymity Network:



(1)

Tor - The Onion Router Network  
Tor exit node name: Unknown Tor Exit Node Name.

IP ADDRESS:

91.121.102.64 (6)

HOSTNAME:

gpftor3.privacyfoundation.de

Network Record:

OVH  
Role: OVH Technical Contact  
Address: OVH SAS  
140, Quai du Sartel  
59100 Roubaix  
France (6)  
Admin-c: OK217-RIPE  
Tech-c: GM84-RIPE  
Handle: OTC2-RIPE  
Remarks: =====  
support : support@ovh.com  
0 899 701 761 (france only)  
=====

troubles:  
+ network : abuse@ovh.net  
+ spam : http://www.spam-rbl.com  
=====

peering : noc@ovh.net  
prefix 213.186.32.0/19  
prefix 213.251.128.0/18  
- FreeIX (1Gbs) 213.228.3.244  
- PariX (1Gbs) 198.32.247.104  
- SfinX (1Gbs) 194.68.129.144  
=====

Abuse-mailbox: abuse@ovh.net  
Mnt-by: OVH-MNT  
Source: RIPE # Filtered

Browser Headers:

Accept text/xml,application/xml,application/xhtml+xml,text/html;q=0.9;text/plain;q=0.8,image/png,\*/\*;q=0.5  
Accept-Charset ISO-8859-1,utf-8;q=0.7,\*;q=0.7  
Accept-Encoding gzip,deflate  
Accept-Language en-US,en;q=0.7,chrome://global/locale/intl.properties  
Host support.xerobank.com  
Keep-Alive 1000  
User-Agent Mozilla/5.0 (Windows; U; Windows NT 5.1; en-US; rv:1.9.0.11) Gecko/20071127 Firefox/2.0.0.11 (2)  
X-Forwarded-For 91.121.102.64  
X-Forwarded-Proto http  
X-Host support.xerobank.com

(5)

(3)

Scripts Partially Allowed, 1/2 (xerobank.com) | <SCRIPT>: 1 | <OBJECT>: 0

Done



*“Privacy and security shouldn’t have to be complicated or inconvenient.”*

## Features

**(1)** Start page gives some some IP Spy statistics on the currently anonymous network.

**(2)** Show your actual browser referral information or substitute different info.

**(3)** “NoScript” is built in & active. This allows JavaScript, Java and other executable content to run only from trusted domains of your choice. Powerful Anti-XSS protection

**(4)** One button ‘flush’ for Tor network change.

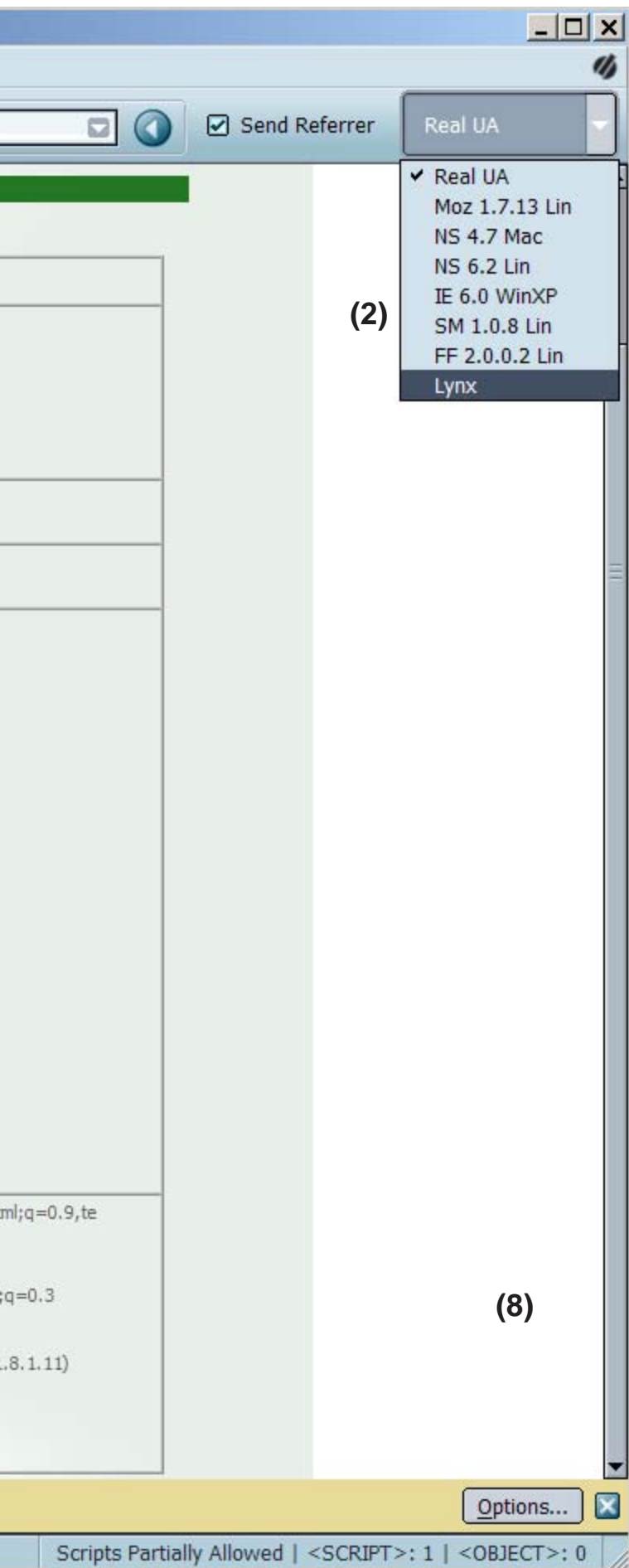
**(5)** Turn-key solution for internet privacy, no additional configuration required.

**(6)** Anonymous surfing. Site you visit cannot determine your true identity, IP or location.

**(7)** No logs and no monitoring of legitimate customer activity.

**(8)** Broadband speed, the fastest anonymous proxy service in the world.

*“Bypass firewalls and internet censorship with XeroBank’s anonymity network.”*



## Webmoney Shows Huge Growth In 2007

This month Webmoney Transfer announced their 2007 annual numbers and included some additional company information. The digital currency giant, continued to experience tremendous growth through out 2007.

The number of new account registrations in their system passed the 4 million mark during 2007 and looks like it will soon pass the 5 million mark.

In the past year, 1,440,000 million new customers joined the Webmoney system.

The total number of customer transactions (turnover) for the past twelve months exceeded \$3.33 Billion US dollars.

They transacted more than 27,000,000 million individual customer payments.

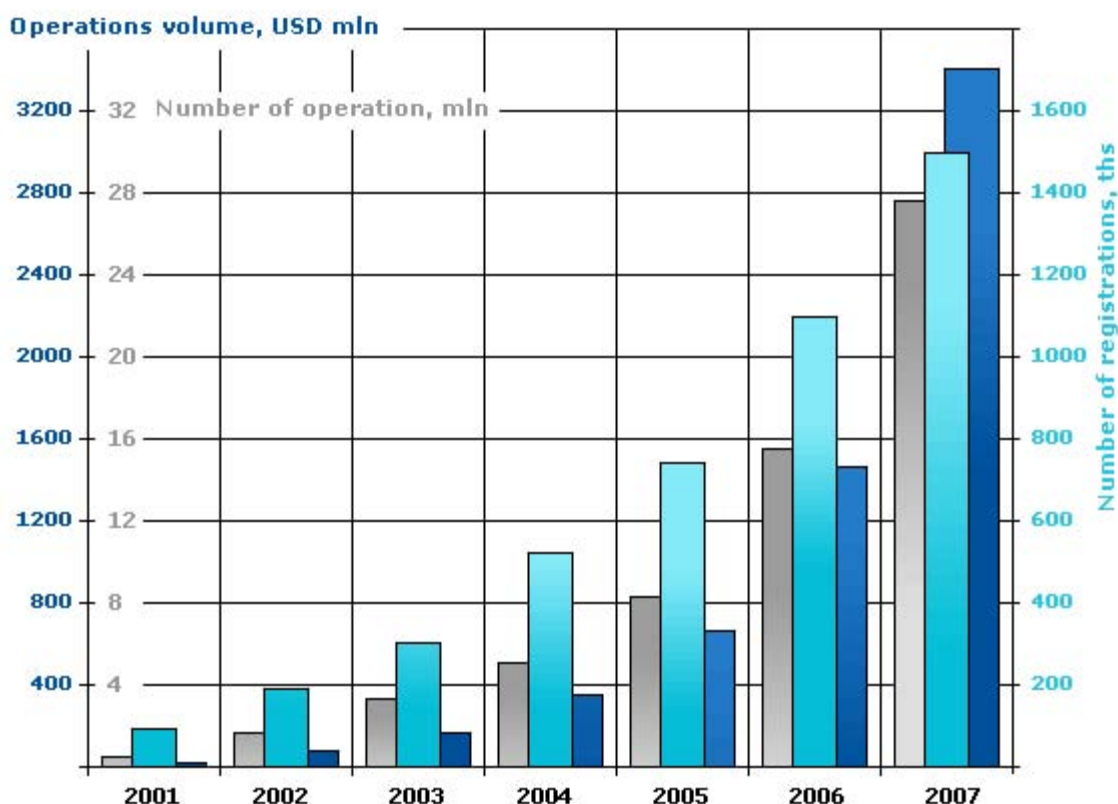
Last but certainly not least, even their mobile service showed excellent growth. Webmoney Keeper Mobile now services almost 170,000 users.

A brand new version of Client application – WM Keeper Classic 3.6.0.1 is now available for download from the their web site. Below you can see the strong annual growth of Webmoney Transfer every year since their start in 2001

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

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

### Statistics years 2001–2007





## Smart Solution For Internet Payments

 **WM Keeper Mobile**  
- WM-Purse in Your Mobile

 **Debt**  
- Credits and Loans

 **Arbitration**  
- Disputes Solving

 **Merchant**  
- API Integration

 **Telepay**  
- Telecom Payments

 **Domains**  
- Domain Names For Sale

 **Megastock.com**  
- WebMoney "Yellow Pages"

 **Masspayment**  
- Bulk Payments

 **Mestkom.ru**  
- Promo Campaigns Online

 **Geo**  
- WebMoney Locations

 **Trust**  
- Consolidate With Your Partners

 **Capitaller.ru**  
- Budget Planning

 **Passport**  
- KYC and Verification

 **Plati.ru, Digiseller.ru**  
- Digital Goods

 **Banking**  
- Bank Wires

 **Enum.ru**  
- Secure Authorization

 **Paymer.com**  
- Digital Checks

 **Publicant.ru**  
- E-Books

 **Wiki**  
- WebMoney Wiki

[www.wmtransfer.com](http://www.wmtransfer.com)

# Electronic Surveillance

## As Passed by the House

### Summary

After the New York Times reported that the National Security Agency (NSA) was conducting a secret Terrorist Surveillance Program (TSP), a national debate emerged about whether the program was subject to the Foreign Intelligence Surveillance Act (FISA), whether the Administration needed additional authority to continue the program, and how and whether Congress should oversee the program.

The TSP involved surveillance without a warrant or court order under FISA of international communications of persons within the United States, where one party to the communication is believed to be a member of Al Qaeda, affiliated with Al Qaeda, a member of an organization affiliated with al Qaeda, or working in support of al Qaeda. The Bush Administration asserted constitutional and statutory support for its program. While describing electronic surveillance under FISA as a valuable tool in combating terrorism, the Administration argued that it lacked the speed and agility to deal with such terrorists or terrorist groups. In a January 17, 2007, letter to Chairman Leahy and Senator Specter of the Senate Judiciary Committee, Attorney General Gonzales advised them that, on January 10, 2007, a Foreign Intelligence Surveillance Court (FISC) judge “issued orders authorizing the Government to target for collection international

communications into or out of the United States where there is probable cause to believe that one of the communicants is a member or agent of al Qaeda or an associated terrorist organization.” In light of these orders, which “will allow the necessary speed and agility,” he stated that all surveillance previously occurring under the TSP will now be conducted subject to the approval of the FISC. He indicated further that the President has determined not to reauthorize the TSP when the current authorization expires.

The NSA program has been challenged on legal and constitutional grounds. On August 17, 2006, in *American Civil Liberties Union v. National Security Agency*, Case No. 06-CV-10204 (E.D. Mich. August 17, 2006),

**Electronic “dragnet” tracking the domestic and**



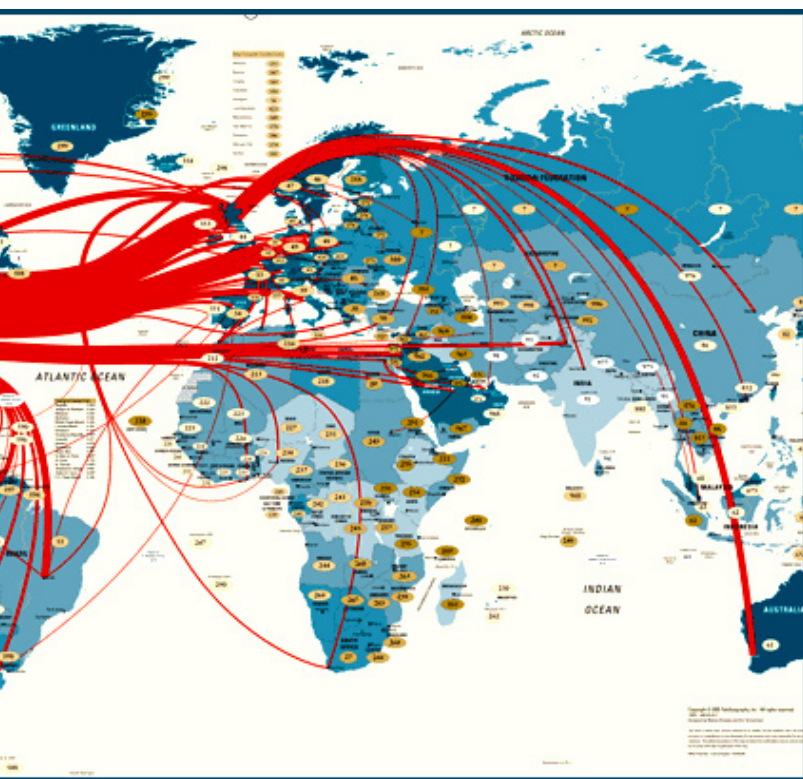
# Electronic Surveillance Modernization Act - House of Representatives

Judge Taylor held the program unconstitutional and granted a permanent injunction of the Terrorist Surveillance Program. The decision has been appealed to the U.S. Court of Appeals for the Sixth Circuit. On October 4, 2006, the Sixth Circuit granted a motion staying Judge Taylor's judgment and permanent injunction pending appeal.

The Electronic Surveillance Modernization Act, H.R. 5825, 109th Congress, was one of a number of bills introduced in the Senate and the House of Representatives addressing various aspects of the TSP and a variety of approaches to electronic surveillance of terrorists and those affiliated with them.

This bill was designed to enhance flexibility in electronic surveillance to acquire foreign intelligence information, while requiring

foreign communications on millions of people.



Global Communications Traffic Map 2005

increased reporting and congressional oversight of these activities. The measure was introduced on July 18, 2006, and passed the House on September 28, 2006. This report summarizes the bill as passed by the House and analyzes the potential impact of its provisions were they to become law. The 110th Congress may wish to contemplate similar or different approaches to these issues, or may choose to forego legislation in light of the new FISC orders and the anticipated termination of the TSP, while continuing congressional oversight. This report will not be updated.

Source: <http://www.fas.org/sgp/crs/intel/RL33637.pdf>

**Sometime in 2001, the president authorized the NSA to intercept telephone and Internet communications of Americans inside the United States, without the authorization of any law or court. Under the program, the NSA is intercepting and analyzing millions of ordinary Americans' communications, with the help of the country's largest phone and Internet companies. The president has stated that he authorized the domestic spying in 2001, that he has reauthorized the program more than 30 times since its inception, and intends to continue doing so.**

**EFF has filed a class-action lawsuit against AT&T, accusing the telecom giant of violating the law and the privacy of its customers by collaborating with the National Security Agency (NSA) in its massive and illegal domestic spying program to wiretap and data-mine Americans' communications.**

# Tor Network

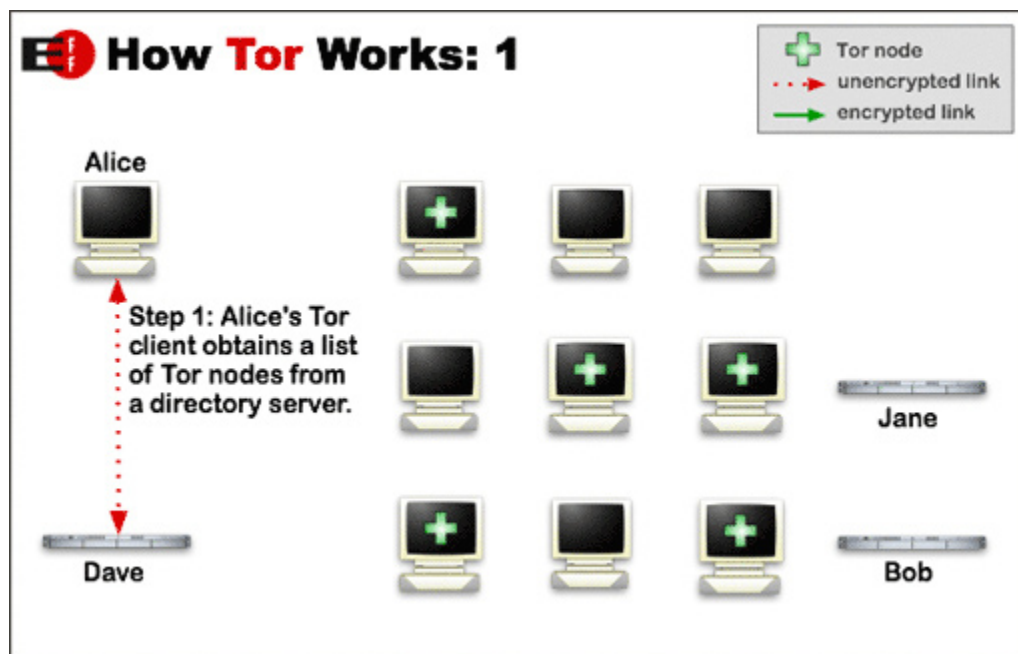
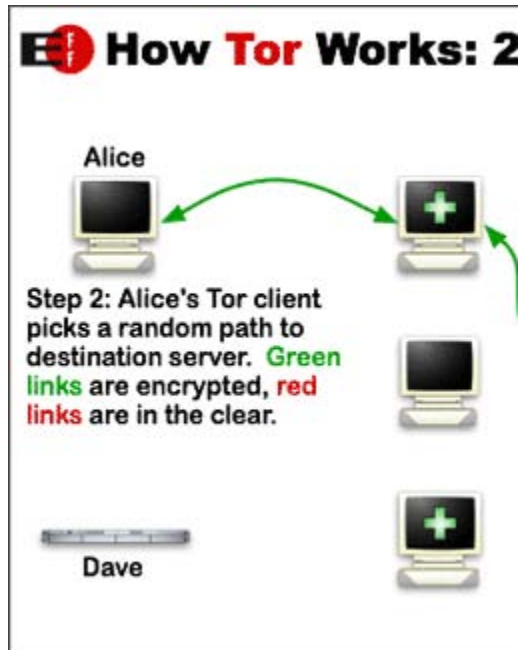
The information and graphics shown here were taken directly from the Tor Project web site. For more detailed information see <http://www.torproject.org/>

We encourage all readers to visit their web and donate to this worthy cause. Tor is a network of virtual tunnels that allows people and groups to improve their privacy and security on the Internet. Tor provides the foundation for a range of applications that allow organizations and individuals to share information over public networks without compromising their privacy.

Individuals use Tor to keep websites from tracking them and their family members, or to connect to news sites, instant messaging services, or the like when these are blocked by their local Internet providers. Tor's hidden services let users publish web sites and other services without needing to reveal the location of the site.

Groups such as Indymedia recommend Tor for safeguarding their members' online privacy and security. Activist groups like the Electronic Frontier Foundation (EFF) recommend Tor as a mechanism for maintaining civil liberties online. Corporations use Tor as a safe way to conduct competitive analysis, and to protect sensitive procurement patterns from eavesdroppers. They also use it to replace traditional VPNs, which reveal the exact amount and timing of communication.

A branch of the U.S. Navy uses Tor for open source intelligence gathering, and one of its teams used Tor



while deployed in the Middle East recently. Law enforcement uses Tor for visiting or surveilling web sites without leaving government IP addresses in their web logs, and for security during sting operations.

The variety of people who use Tor is actually part of what makes it so secure. Tor hides you among the other users on the network, so the more populous and diverse the user base for Tor is, the more your anonymity will be protected.

Journalists use Tor to communicate more safely with whistleblowers and dissidents. Non-governmental organizations (NGOs) use Tor to allow their workers to connect to their home website while they're in a foreign country, without notifying everybody nearby that they're working with that organization.

## Distributed & Anonymous Network

Tor helps to reduce the risks of both simple and sophisticated traffic analysis by distributing your transactions over several places on the Internet, so no single point can link you to your destination. The idea is similar to using a twisty, hard-to-follow

route in order to throw off somebody who is tailing you — and then periodically erasing your footprints. Instead of taking a direct route from source to destination, data packets on the Tor network take a random pathway through several relays that cover your tracks so no observer at any single point

can tell where the data came from or where it's going.

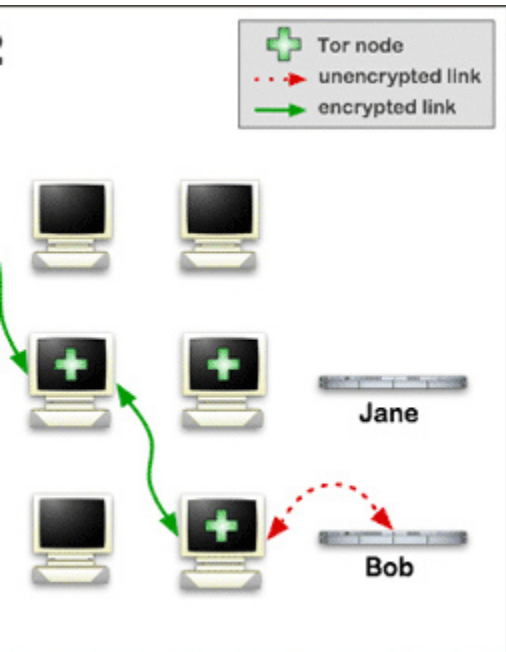
To create a private network pathway with Tor, the user's software or client incrementally builds a circuit of encrypted connections through relays on the network. The circuit is extended one hop at a time, and each relay along

For efficiency, the Tor software uses the same circuit for connections that happen within the same ten minutes or so. Later requests are given a new circuit, to keep people from linking your earlier actions to the new ones.

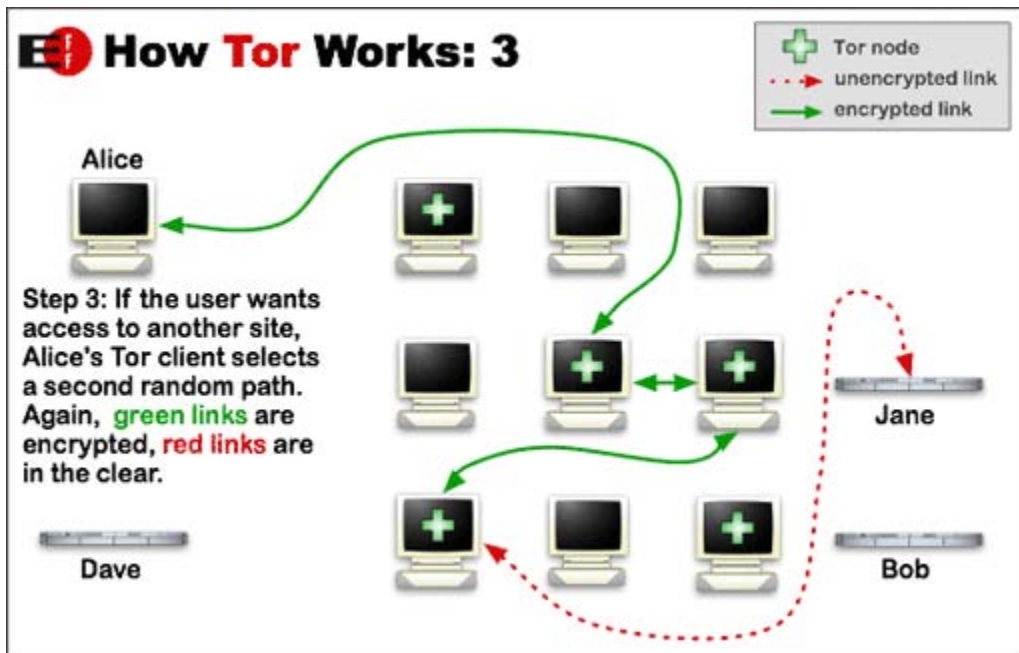
### Staying anonymous

Tor can't solve all anonymity problems. It focuses only on protecting the transport of data. You need to use protocol-specific support software if you don't want the sites you visit to see your identifying information. For example, you can use web proxies such as Privoxy while web browsing to block cookies and withhold information about your browser type.

Also, to protect your anonymity, be smart. Don't provide your name or other revealing information in web forms. Be aware that, like all anonymizing networks that are fast enough for web browsing, Tor does not provide protection against end-to-end timing attacks: If your attacker can watch the traffic coming out of your computer, and also the



the way knows only which relay gave it data and which relay it is giving data to. No individual relay ever knows the complete path that a data packet has taken. The client negotiates a separate set of encryption keys for each hop along the circuit to ensure that each hop can't trace these connections as they pass through. Once a circuit has been established, many kinds of data can be exchanged and several different sorts of software applications can be deployed over the Tor network. Because each relay sees no more than one hop in the circuit, neither an eavesdropper nor a compromised relay can use traffic analysis to link the connection's source and destination. Tor only works for TCP streams and can be used by any application with SOCKS support.



traffic arriving at your chosen destination, he can use statistical analysis to discover that they are part of the same circuit. Tor also makes it possible for users to hide their locations while offering various kinds of services, such as web publishing or an instant messaging server.



Digital Money

**A date for you**

**The Eleventh Annual  
will be held in London**

**For more information visit the Forum website  
Join the conversation at [www.dmf2011.com](http://www.dmf2011.com)**

**Thanks to the generosity of our sponsors  
All delegates will receive a copy of the proceedings**

The annual Digital Money Forum is organised by Co-Management, a digital money management consultancy that specialises in secure digital transactions, ranging from retail e-payments and online banking to digital currencies, electronic borders and mass transit. It is a not-for-profit organisation and any surplus generated goes to a number of charities that Co-Management has supported over many years. The Forum is again limited to 100 delegates.



# Money Forum 2008

our calendar

**Digital Money Forum**  
**on 23rd/24th April 2008**

web site at [www.digitalmoneyforum.com](http://www.digitalmoneyforum.com)  
[www.digitalmoneyforum.com/blog](http://www.digitalmoneyforum.com/blog)

**the Forum will again cost only £445 + VAT.**  
**of the Digital Money Reader 2008**

consult Hyperion, the IT  
electronic  
line authentication to  
profit event, and any  
t the event has  
ted to 100 places.

**consult**   
**hyperion**

**[www.chyp.com](http://www.chyp.com)**



**raySERVERS™**

**Private**

\*

**Capital Management**

\*

**Communication & Networks**

\*

**Powerful Encryption**

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

**Panama**

I recently asked this general question to some industry people and also posted it on a popular DGC email list. Here are a few random answers.

They need an incentive or some 'killer' application. That's the way online commerce has been

consumers and merchants, CONVENIENT, and inexpensive. It also needs to be easily understandable. Technocash in Australia has a great credit card alternative system set up, with their own card acceptance devices that are in merchant shops all over Australia and New Zealand. They make their system easy to use, accessible,

## What Will It Take... For Digital Gold Currency To Become More Mainstream?

by Mark Herpel

developing. If they see an incentive or some application for which they need to use digital gold, they will quickly start using it. The incentive can be many things, like lower costs, security of payment, convenience, etc. But it takes time for people to understand the advantages. Remember, gold is unfamiliar to most people. --**James Turk of GoldMoney during an Interview.**

In my opinion it will take the collapse of the US dollar or US government which is saying about the same thing. I would think Turk would only be correct, if we were not impeded from natural growth today. The risks are serious ones. Being offshore is not enough. James also has a real battle right now with Gresham's Law. Before spending can occur, the dollar must entirely collapse and people must already have spent the valueless stuff in its entirety and only then will actual significant spending occur in a system based on metal.

The only other way to be alive today is to have killer encryption + usable interface and no banking interface and then only that will get you so far. Beyond that, its about education. Or we could just lucky and have Ron Paul win and everyone has presidential protection and a green light to move forward. As I progress, I am more certain that this will not be the case. So for me, I think it will mean waiting for option 1 to develop on its own. I just don't see any way around this. --**Gordon Hayes from Phoenix Dollar.**

Mobile applications, kiosks and POS acceptance. Oh, and multilingual support.--**Robert of C-gold** Making the system readily available to both

inexpensive, etc, PLUS it's in retail shops and has a "cash back" function at participating merchants, and also a "load" function at merchants. By examining their system, I think this will generate ideas. --**anon**

Convenience is the main issue....Point to point transactions would be great - (as Robert said Mobile applications). A merchant in his shop selling the smokes and daily paper to his customers needs to be able to swipe a (digital currency) card to accept payment. And then they need to be able to get their hands on the funds in a meaningful way. Granted and accepted that as more and more people accepted digital currency at a point of sale environment the less people would need to get their hands on "the cash" Talk to the major merchants (the govt) Get THEM to accept a digital currency as payment for taxes or your car registration. Talk to the merchants (electricity gas etc) get them to accept a digital currency as payment. Right now what you can do with an e-currency is limited. In the world of "I gotta pay my bills" e-currencies are not useful. Which is why there is an exchanger network. ;) --**anonymous**

One problem that will perpetually keep people from understanding the system is the idea of the difference between merchants and system provider, in-exchange, and out-exchange. This may be more sound for the provider, structurally, but is a complete failure in practice. People simply don't understand it. This is a complex idea to new users, much more so than public key encryption, which is relatively simpler by comparison. Remember, we are cognitive misers, so if it isn't instantly obvious

or can't be explained by a once sentence analogy, it fails. Why did e-gold get a million (?) users? First to market? Bigger best easiest? Sure.

Now why they didn't get 100 million users is a better question.

While there are amazing systems in place such as eCache and Loom, the currency traded on these systems is difficult to conceptualize. Does the US have more than one currency? No. It is the Dollar. Does Loom have more than one currency? Infinite. Is Loom the currency? No. Too many variables. Needs to be presented easier than this. And if one had a centralized authentication mechanism built into the card, it would be as simple as knowing your account number and pin to make a charge or debit. Again, things to come. Another problem is all the different gold currencies and the fees associated with them. I know of an answer to this problem, but I'll keep that pearl to myself for now. --**Steve**

Its a very good point. Both new merchants and new consumers have to understand and be able to easily use the exchange end of transactions...The problem at the moment is cash allocations. People are trying various different DGC's and DC's, and it's real work to allocate funds/gold/efunds where I think customers will want them. --**Graham Kelly of [www.Goldnow.st](http://www.Goldnow.st)**

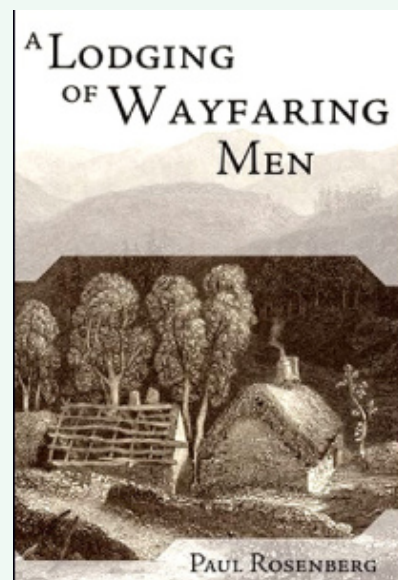
If digital currencies are to be made mainstream then the casual user has to be able to access their funds as easily as cash. I have not examined the WMZ system in any depth but my understanding is that they have kiosks and so on all around the place. It is widely accepted perhaps even mainstream The C-gold business model addresses this kiosk solution (early days yet) Go back to the original e-gold interview with James Ray - he talked about paying everyday expenses with e-gold. No it has not happened but that was the point of the question. To have the digital currencies accepted as mainstream there will be an educative process and "real" merchants need to come on board. Software solutions are part of this - but you could now (for example) shop at your local supermarket and pay via logging into your e-currency of choice assuming the supermarket owner would accept payment that way. That they do not is because of a

lack of awareness of e-currencies and also a lack of systemic solutions that will tie in to their existing networks...Hell yes pigs may have to fly - but it would be nice if e-currencies gave them the wings so to do.--**anonymous**

I think they must all become more like Webmoney and get integrated into daily life. The movement of funds from cash to digital must become easy, localized, cheap and of course convenient. I believe Webmoney has done this very successfully in Russia and has been expanding rapidly. The \$20 USD that is crumpled up in my pocket....there needs to be a nearby location I can walk to and easily load my digital account.--**Mark Herpel**



A Lodging of Wayfaring Men is the story of freedom-seekers who create an alternative society on the Internet - a virtual society, with no possibility of oversight or control.





# The Digital Minting Process: How A Digital Gold Gram Is Born

*“A mint is a facility which manufactures coins for currency.”*

**D**igital gold currency systems are closed accounting systems. This means during operation there is a limited or ‘set’ amount of digital units circulating. When one account receives a unit another account drops by one. If you have 400 ounces of digital gold circulating within the system and you spend 5 ounces to my personal account and I pay three others one ounce each... there is still only 400 ounces in that closed system. Units travel back and forth between accounts but always within the system.

Closed digital gold systems like e-gold, Pecunix or Goldmoney only give birth to new digital units when additional gold is allocated (deposited) into the vault. Once the gold is on deposit in the vault then the company can create additional digital units. When cash is needed for outexchange to users, a bar is sold and the amount of digital units circulating will fall by that amount. If all users cashed in at the same time, all the bars could be sold to liquidate that value back to the users. We have seen some very large multi-million dollar liquidations in e-gold over the past year, but the value and the money was always available to be distributed back to users.

What is the procedure for creating the digital grams?

The process of creating digital grams is referred to as ‘minting’

Of course, each issuer has their own private methods to accomplish this task but we can take a

closer look at the Pecunix minting process and gain a good idea of how they all ‘mint’ digital grams.

Pecunix is committed to open, transparent operation. Their organization has strict a ‘one to one’ rule clearly stating that, “every unit of value present in the Pecunix database has, at all times, a corresponding value of gold stored in an internationally approved vault.”

## **Minting Pecunix**

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

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

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

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

(4)When currency is to be created, the Issuer sends a Mint Request from a secure Pecunix system interface to the Auditor and the Bullion Agent. They each verify the exact amount of gold entered

into the system, the exact amount of Pecunix that is to be minted, and the specific account that the Pecunix is to be paid into. They each PGP-sign the request to authorize it. Once all three signatures (Issuer, Auditor, Bullion Agent) are submitted to the system, the secure Pecunix software mints the currency to the relevant account.

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

Because their 'minting' process requires the active participation of independent third parties, Pecunix users can be assured that all reporting on the vaulted gold backing the digital units is accurate. Pecunix, like e-gold and GoldMoney provides an extremely transparent online operation.

Any visitor to the Pecunix web site can view the auditor report on gold stores, the bar count, serial numbers and even the purity of each bar. This en-

ures the ongoing integrity of the value behind the digital grams. Pecunix currency is calculated at a rate of 31.1034768 per ounce of fine gold. All gold bars are exclusively in the form of London Bullion

Market Association (LBMA) certified "good delivery bars". <http://www.lbma.org.uk>.

To ensure absolute integrity, three of these organizations - the Bullion Agent, the Escrow Agent and the Auditor - are all completely independent third parties with no financial interests in Pecunix.

For more information you can visit these links. The e-gold Examiner page provides complete details on the vaults' contents. Examination Report of Bullion Stored at Repositories <http://www.e-gold.com/examiner.html>

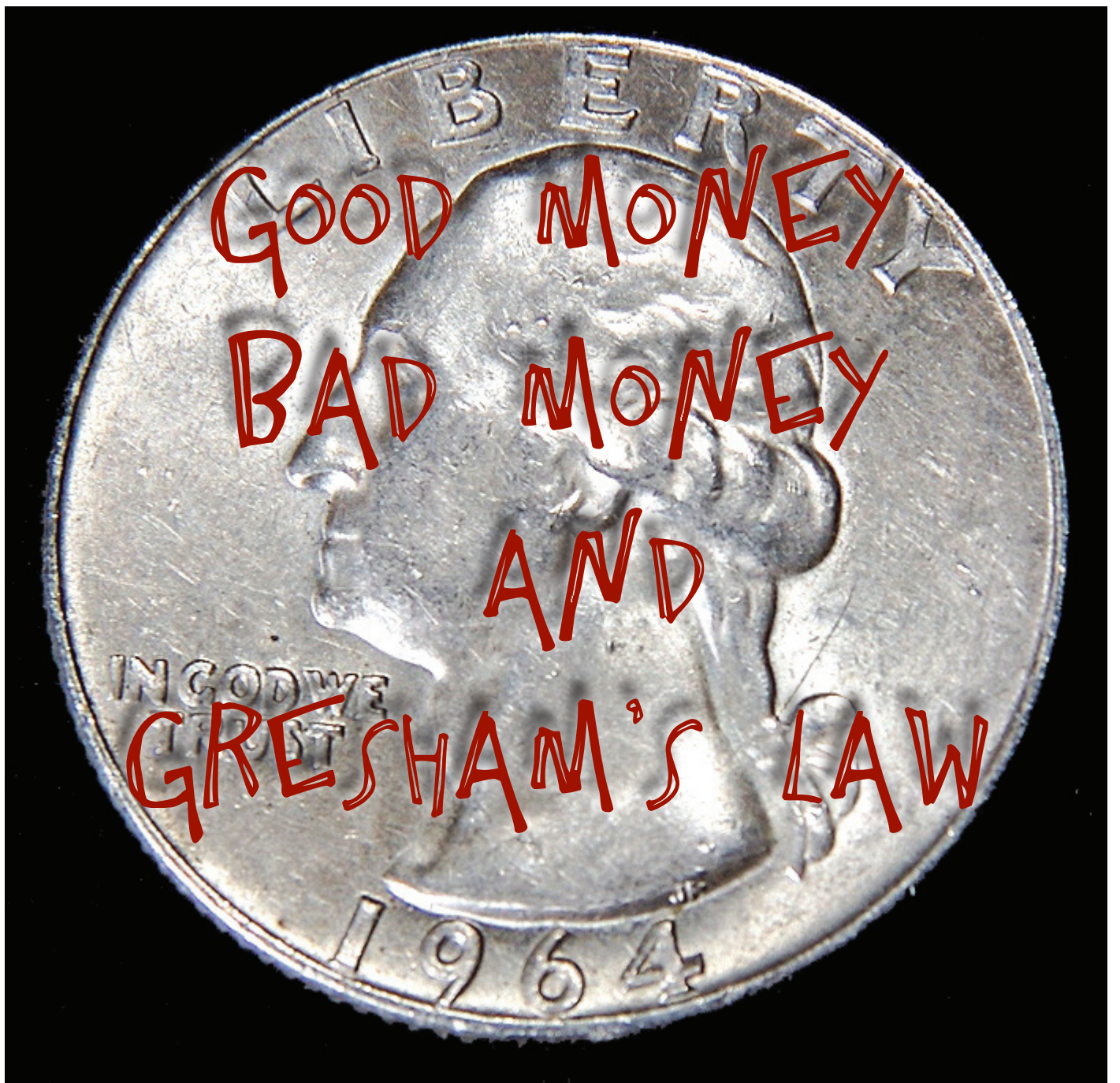
This information is provided on their web through the e-gold Bullion Reserve Special Purpose Trust.

GoldMoney also publishes detailed information on the bars held in Zurich and London.

<http://goldmoney.com/en/bar-count.html>

# Still riding the short bus? Catch up to the leader- Digital Gold Currency.





“Good Money”  
1964 US Quarter  
Metal Content  
Silver - 90%  
Copper - 10%

“Bad Money”  
1965 US Quarter  
Outer layers -  
75% Copper, 25% Nickel  
Center - 100% Copper

## Modern US Quarter No Silver here.....



### Bad money driving out good money, what does that mean?

There is a law of economics, known as “Gresham’s Law” and when discussing money or digital currency backed by gold, it is important to know a little about this powerful topic. Good old Wikipedia describes Gresham’s Law like this: “When there is a legal-tender currency, bad money drives good money out of circulation.” Or, more accurately: “Money overvalued by the State will drive money undervalued by the State out of circulation.” Looking at it another way, if inflation in the US keeps rising then your food and gas will continue to go up in price. When you visit the grocery store if you had the option to pay with pure gold coins (good money) or US backed paper dollars...with the price of gold moving higher and the value of those USDs is falling because of inflation what would you spend?

Knowing that gold is going up in value and that inflation is killing the value of paper dollars, you should want to keep the gold (good money) and get rid of all those paper dollars (bad money) Thus, Gresham’s law, the bad money (paper) will always drive the good money (gold and silver) out of circulation as users keep what contains value

and spend what is perceived as having no real intrinsic value, the paper.

The really amazing fact about this economic law is that Sir Thomas Gresham lived from 1519 - 1579 a very long time ago. How was it possible he could predict how the economies of today’s world would function? It seems that during the 16th century, gold and silver were used in the local coinage just as they were minted during the early 20th century Throughout these periods in history, the same rules applied. Please note that unlike today, during Gresham’s time all the money was coinage, and consequently good money showed little difference between its exchange value and its commodity value.

Gresham’s law is only applicable when there are two forms of commodity money in circulation which are forced (legal tender) and respected as having the same face value in the marketplace. For example if you lived in Chicago during the 1920’s you could spend either US gold coins or paper currency backed by gold coins. This is a great demonstration of legal tender, showing us the paper (which we will recognize as bad money) and the gold (the good money). Circulating currency consisting of both “good” and “bad” money quickly becomes dominated by the “bad” money.

Gresham, was a financial advisor to Queen Elizabeth. In his now famous letter to the Queen in 1558, he stated that he noticed in all similar situations “that good and bad coin cannot circulate together”. The bad money would be used whenever possible and the good money [coinage] would be saved and disappear from circulation. It seems that even in 16th century England, Sir Gresham was able to recognize this trend and create the rule that still applies in today’s world. Of course the sound money policy was not new. These ideas had surfaced more than 2000 years before in ancient Greek society. There were many times in the history of previous societies when Gresham could apply and test his theories.

Gresham’s law can also be observed in reverse. With no legal tender laws applicable and people are given the chance to accept both good and bad money, they will more often



# China Is Now The World Leader In Gold Production

by Staff Writer

transact with the money they believe will retain the highest long-term value (good money). That rule only applies when there is a choice of which money to accept. If people are not given a choice, and required to accept all money, they will tend to keep the money of greater perceived value in their possession, and spend all their bad money.

The best example of this law in action, could be seen after the 1964-1965 debasement of silver coins in America. In 1965, nobody was spending the 1964 or earlier manufactured US quarters because of their silver content.

In other words, with no legal tender laws where consumers can use their preferred method of payment, sellers will never accept anything but money with real value (good money, commodities like gold and silver). Who would want paper money of no real value, instead of accepting gold coins? Nobody.

Secondly, where there are existing legal tender laws, sellers are forced to accept bad money (paper) with no commodity value so buyers will always spend their bad money first, as it is required to be accepted.

Recognizing Gresham's Law is important when we discuss the daily use and expansion plans for Digital Gold Currency. Many people knowledgeable on this subject will tell you that no population is going to use digital gold grams in their daily lives as money until all their US dollars are spent!

If we follow Sir Gresham's impressive law, consumers spending habits won't change until we are rid of all those dollars and seek more 'sound money'.

If ever required to accept both dollars and gold, consumer may just move completely away from those dollars and into digital gold currency. Most people will say we are more than a few years away from something like that happening.

Perhaps, in the years ahead, choosing to transact business in Digital Gold Currency may not involve such a conscience thought as it happens today. Digital Gold will always be the safer alternative.

Announced by the London precious metals consultancy GFMS, for the first time in the history of the world, China now produces even more gold than South Africa. China is now the planet's leading gold producer.

China's 2007 estimated output comes in at 276 metric tons of precious gold (about 9.7 million ounces, 12% increase over 2006) surpassing the long time leader, South Africa with an estimated 272 metric tons. South Africa had been the world's largest gold producer since 1905.

Its also worth noting that local production in China has risen by about 15 percent a year in stark contrast to global production which in on the decline.

Along with the increased production and global demand, the Shanghai Futures Exchange just launched the country's first gold futures contracts. The Futures contracts allow producers to hedge their risks caused by daily price fluctuations.

As the exchange is selling renminbi-denominated contracts, gold prices in Shanghai have been a bit higher than other international markets. This reflects a huge demand for the precious metal and the lack of arbitrage opportunities for Chinese investors through other exchanges such as London. According to Forbes.com, "Wide fluctuations in prices is likely to be a key feature of the new gold futures exchange, which is providing a new investment option for the country's 1 million-plus eager retail investors in gold. Like China's fledgling stock markets, the gold exchange is likely to be driven by retail rather than institutional buying."



# How Government Surveillance Makes The Mafia Rich

by Paul Rosenberg

**Y**es, you are reading that correctly: The “We’re Keeping You Safe” actions of governments are making the International Mafia very, very rich. In fact, your governments supply the critical pieces that have turned cyber-crime from an annoyance into an international operation that makes more money than illegal drugs.

Stay with me while I explain. Not one person in a million understands this, and it is important.

## CYBER-CRIME, FROM THE BOTTOM UP

At the lowest level, cyber-crime operates via the Vacuum Technique. This is the daily work of several thousand hackers, mostly in Eastern Asia and the

Middle East, who have nothing better to do than to send out data-gathering Trojans. These little programs are designed to infiltrate unprotected Windows™ machines, grab as much data as they can, and return it to the hacker. Bear in mind that this is mostly useless data, but does sometimes include enough information to mount a credit card attack or to open bank accounts under the stolen identity.

Trojans are probably responsible for almost all data stolen from home and office computers. Just to be clear: There is no hacker poking away at your passwords – the hackers mount automated attacks, taking advantage of security vulnerabilities that are usually fairly well known.

In the old days, stolen data of this type was traded

## Excellence within your reach



Inspired by the excellence of .9999 fine gold, Kitco is pleased to offer its customers with quality, security, prestige and pure beauty found in a **Kitco ChipGold Bar**.

### An innovative investment tool...

- Advanced security features
- Suitable for all budgets - weight options: 1gr, 5 gr, 10 gr, 20 gr
- Ideal size for carrying around safely

### A unique gift idea...

- Universally appealing
- Precious and timeless
- Affordable
- Easy and simple to purchase



Visit the online Kitco  
Precious Metals Store to...

**Get It Today!**

on an eBay-type of platform for hackers, where valid credit card numbers were the usual preferred merchandise. The participants tended to be low-level independents. But, as I say, those days are gone.

## REFINERIES

Above the Trojan crew is the refinery. (Data refineries, that is, not metal refineries.)

It's ironic, but the growing attention of banks, police, consumer saviors, and credit card processors drove the hackers to the mafias, and forced them to work together.

Now, the goal for stolen data is quality, and the payoff comes in massive credit card frauds, operating illegal businesses, emptying bank accounts, blackmail, and associated mafia-type activities.

Stolen data is seldom traded anymore; instead it goes to data refineries, where large blocks of data are upgraded by using additional data for cross referencing. Then, specific persons or firms are targeted for additional data theft if they look interesting.

Refining includes:

1. Combining datasets to increase their value.
2. Comparing datasets against each other to find and remove bad data.
3. Cross referencing datasets to find markers. (Markers are false data, included to tip off the original owner that the data has been stolen and reused.)
4. Cross referencing datasets to reduce risk of nulls (already-used or non-exclusive data).

The critical factors here are cross-referencing and unique identifiers. In other words, the mafias need verified data. And the best verified data comes from...

That's right! It comes from governments! Government data is fantastically valuable to the mafias. It is very accurate, seldom outdated, comes in large packages, and it comes with unique identifiers.

By fighting against privacy and for "consumer protection," the governments of the world have created a system that is prone to high scale, high volume, coordinated attacks, which are perfect for mafia groups. And, make no mistake, this is BIG business. The 2007 SANS report pegged the profits from cyber-crime at \$180 Billion! (Illegal drugs came in at \$140 Billion.)

## THE COMING WINDFALL

If you think cyber-crime is bad now, just wait until government control-freaks get their new ID schemes into place. It stands to get much worse.

Biometric ID is the Holy Grail of cyber-crime; the dream gift of mobsters everywhere. With it, the crooks will get ultra-rich, buy up all sorts of assets, and quite possibly crash the consumer credit system altogether.

With perfect identifiers, the mafias will be able to take over any identity at any time, and use it however they wish. Cyber-fraud will spike to unimaginable levels, making billionaires of not only the top mobsters, but of the second and third-level thugs as well. (There's a scary thought.)

By optimizing central control, governments have created a perfect environment for cyber-crime. And they are working overtime to make it even better.

The one technology that would massively reduce cyber-crime is anonymous digital cash. No information to read means no information to steal and abuse. If I walk into your store and pay for something with cash, you have no data to use against me, but if I use my credit card, you have plenty.

I am fully aware, by the way, that control types will never be convinced to allow anything anonymous, except, perhaps, in the face of an overwhelming catastrophe. Nonetheless, if ignorant and apathetic people allow them to continue on their current path, they may manufacture a fine catastrophe for themselves.

## OBTAINING GOVERNMENT DATA

Government data is fairly easy to get if you're a

gangster. These guys specialize in such things, and have for a long time.

Most people, thinking of massive data theft, imagine scary guys with guns breaking through doors, followed by a technician, who know which disks to grab. That's almost never the case. Such actions are far too overt and can easily lead to policemen showing up; it's not a very good plan.

So, how does a Mafioso get data from a government? Mostly with standard criminal tricks: You trail a government auditor and find out that he leaves his laptop in his car during his morning coffee stop. Then, you snatch the laptop and get a very tasty pile of new data. These guys will resort to bribery, blackmail and intimidation when necessary, but simple theft is much preferred.

In fairness, I must add that most elected government officials don't want to have their data stolen. Their unelected employees, however, may not be as squeamish. And, they may be subjected to incentives that drive them toward easy money. This is a subject deserving of more space I can give it here, but a poorly-paid man or woman controlling massive piles of money is a recipe for trouble.

In addition to the above, the high quality of government data makes careful theft worth the time and effort. (I'm talking here about carefully-planned, professional operations, not smash-and-grabs.) If you steal the right laptop, you gain a tremendous amount of very carefully assembled data. And, best of all, you can transfer the data from the stolen machine to yours, then return it to its place. Even if the machine is noticed as missing, the department it vanished from can issue a statement saying, "The laptop was just misplaced; all the data is safe." Since most people think of "theft" as relating to the physical laptop, they pass right over the fact that its data can be duplicated without being removed.

## LAUNDERING THE CASH – GROWING THE ENTERPRISE

Money laundering is a complex and ugly subject, so I'm going to pass over most of it for now, but there is one very important thing about it that I

will cover: Money laundering spreads into many sectors of the global economy. It is much bigger than you probably suppose, and accounts for a lot more than transferring money to obscure bank accounts.

Money laundering is done by organizations that have their fingers in many legitimate businesses, and in many half-legitimate businesses.

Fraudulent merchandise ("knock-offs," with proper authentication certificates), cigarettes, luxury goods, DVDs, and plenty of other products may all mix together in a large-scale criminal enterprise, along with securities and the purchase of privatized government property. (Buying from a government is rather ingenious: If they were to convict you of paying with laundered funds, they'd have to give back the money. This gives them a strong incentive not to pursue the matter.)

## WHAT NEXT?

At this point, I haven't enough information for a good guess. If the control addicts have their way, I expect serious market problems in no more than ten years. This is especially likely if Data Retention laws abound. (Another huge gift to the thugs of the world.)

If sanity re-emerges, proper anonymous systems may exist in the open, and will protect people from cyber-crime. Since most people think little and presume that Control = Safety, this idea is unlikely to erupt in "consumer consciousness." Nonetheless, it is already finding expression in commercial circles and may take root on that end, then move into the consumer sphere.

Let's hope.

© Copyright 2008 by Paul A. Rosenberg

Paul is the author of *A Lodging of Wayfaring Men* and other books. You can find his work at [www.veraverba.com](http://www.veraverba.com)



## Peace Of Mind – Second To Nothing

Cryptohippie, Inc. is pleased to announce that it has acquired both Diclave Networks and MeshMX, the developers and providers of the most advanced VPN and innovative Internet security systems.

While the names Diclave and MeshMX are not well-known, their technologies have been widely used under private-label arrangements. They have long been the premier developers and operators of secure Internet systems. Their client list is very significant (but private).

Cryptohippie, Inc. (under the KRYPTOHIPPIE brand) will continue to provide private-label products, as well as selling to the public directly.

Beginning in February 2008, we will offer the very finest in military-grade VPN services and Location-Agnostic Servers (LAS). Further innovative, new services will follow.

*e-mail [info@cryptohippie.com](mailto:info@cryptohippie.com)*

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

# LOOKING FOR MR. GOODBAR

## The 400 oz. London Good Delivery Bar

When buying international precious metal, the standard unit of gold bullion settlement is the 'London Good Delivery Bar'. Following acceptable standards for trading, "Large Bars", as they are also called, must conform to what is known as the London Good Delivery standard. A spot trade assumes settlement in these type of bars. An acceptable bar of gold bullion weighs about 400 troy ounces which is 12.5 kg or 27 lbs. This is the type of bar stored by most central banks. A troy ounce is approximately 0.031kg or 31 grams. Troy ounces were adopted by the U.S. Mint for the regulation



of coinage in 1828.

Physical settlement of a London gold trade requires gold bar(s) conforming to these specifications:

**Weight:** minimum gold content: 350 fine ounces and a maximum gold content: 430 fine ounces (weight of a bar should be in troy ounces and multiples of 0.025)

**Fineness:** acceptable fineness a good delivery bar "must be at least 995 parts per 1000 pure gold, with 999.9 being the highest possible quality.

**Marks:** must bear a serial number and Assay stamp, or chop, of an approved refiner as designated in the London Good Delivery List of acceptable smelters and assayers, as well as the fineness and the year of manufacture (expressed in four digits) these marks should -be stamped on the larger surface of the bars two main surfaces.

**Appearance:** bars should be of good appearance, free from surface cavities and other irregularities, layering and excessive shrinkage. They must be easy to handle and convenient to stack.

The process required to form "Large Bars" makes it difficult to consistently produce bars of the same purity and weight. The London Bullion Market Association maintains a strict list of gold and silver refiners that have met the Association's requirements and whose large bars are therefore acceptable in the London market as Good Delivery. Many of these approved refiners came from the Bank of England's bullion office way back in the 18th century. Refiners on the list:

- Have an established track record of at least three years of producing the refined metal
- Produce a minimum quantity of metal per year - 10 tonnes of gold and 30 tonnes of silver
- Have a tangible net worth of at least £10 million
- Furnish evidence of their ownership structure and directors
- Provide a suitable letter of endorsement, e.g., from the central bank in their country of operation.

Refining gold bullion beyond 99.5% can be very expensive for such a small change in purity. Some specialized gold users requirement 99.99% ("four nines") and even 99.9999% ("six nines"). However, most of the gold refined today, about

70%, is used for making jewelry and is likely to contain much lower purities like 75% which is 18 carat. The “Carat” is a unit of mass (weight) based on the Carob seed used by ancient Middle East merchants. Carob seeds come from the Carob or locust bean tree.

Once purchased the bar’s history and “chain of Integrity” must be assured. Tracking the history of refiners and movement through the LBMA’s vaults is very important as the chain of trusted businesses guarantees to the next owner that the bar is soundly refined, stamped and has never been outside the chain of trusted suppliers approved by the LBMA. This path of ownership must be reliable and audited. This chain of integrity, keeps costs low for dealers by eliminating the constant need for repeated refining. If the purity has been recognized and the chain of integrity is intact no additional refining would be necessary to ensure its quality. So the chain of integrity is very important to all parties involved and helps to keep trading costs down. Lower costs make it attractive for London buyers and consequently they can offer one of the lowest prices for gold anywhere in the world.

If you purchase e-gold digital gold, the bullion is stored with LBMA member companies. Here is a sample snapshot from the e-gold Examiner of gold held by The e-gold Bullion Reserve Special Purpose Trust and stored Transguard (4/30/2007) <http://www.e-gold.com/examiner.html>

Item	Description	Brand	Serial Number	Purity	Fine Troy Ounces	Fine Grams
179)	Bar	JM	52474	0.9999	377.887	11,753.5995
180)	Bar	JM	52479	0.9999	373.138	11,605.8891
181)	Bar	JM	52489	0.9999	415.058	12,909.7469
182)	Bar	JM	52490	0.9999	391.936	12,190.5723
183)	Bar	JM	53943	0.9999	386.461	12,020.2807
184)	Bar	JM	53945	0.9999	385.161	11,979.8462
185)	Bar	JM	53946	0.9999	388.886	12,095.7067
186)	Bar	JM	53947	0.9999	395.610	12,304.8465
187)	Bar	JM	53948	0.9999	383.862	11,939.4428

GoldMoney publishes their London Gold Bar List with the most recent count from 31 December 2007. Any visitor to their web can see the gross weight, purity and fine weight of each bar. These bars (pictured here) range from 408.210 - 396.052 troy ounces. <http://www.goldmoney.com/en/bar-count.html>

	Bar Number	Refiner	Gross Weight (oz.)	Assay	Fine Weight (oz.)
1	CT13471	JMC-UK	398.725	0.9973	397.648
2	CT13472	JMC-UK	409.750	0.9973	408.643
3	AR257	Rand Refinery	406.400	0.9974	405.343
4	49631	JMC-SLC	406.325	0.9999	406.284
5	DT 18720	JMC-UK	397.125	0.9973	396.052
6	DT 18721	JMC-UK	407.700	0.9973	406.599
7	AR258	Rand Refinery	409.275	0.9974	408.210

Please note the outstanding transparency with all of these online digital gold companies. Anyone can at any time read the quantities of gold they have backing their digital currency. The audited bar count is easy to find and always available.

In contrast, as GATA noted last month, “The gold reserves of the United States have not been independently audited for half a century.”

## Beware Of The Pretenders

- [www.supragold.com](http://www.supragold.com)
- [www.federal-gold.com](http://www.federal-gold.com)
- [www.i-gold.com](http://www.i-gold.com)
- [www.aupay.com](http://www.aupay.com)

Well, spring is headed our way, gold is approaching \$1000 per ounce and here come the digital gold clones, drones and 'knock offs'. In fact a couple of these listed have already come and gone. Watch out they may be back.

Be careful who you deal with online and always use a trusted, well known third party exchange agent. Don't forget to check the GDCA Online Directory for more information. ([www.gdcaonline.org](http://www.gdcaonline.org))

## Need An Exchange Agent? There are plenty to choose from....

xGold.ca	<a href="http://www.xgold.ca">www.xgold.ca</a>	E-Gold, Pecunix
Me-gold	<a href="http://www.me-gold.com">www.me-gold.com</a>	E-Gold, E-Bullion, Pecunix, C-Gold, Liberty Reserve, WebMoney
Euro Gold Sales	<a href="http://www.eurogoldsales.com">www.eurogoldsales.com</a>	E-Gold
RayServers Exchange	<a href="http://www.rayservers.com">www.rayservers.com</a>	C-gold, E-gold, PhoenixSilver, Pecunix, Liberty Reserve, V-money
London Gold Exchange	<a href="http://www.londongoldexchange.com">http://www.londongoldexchange.com</a>	E-Gold, E-Bullion, Liberty Reserve, Pecunix, V-Money, C-Gold, Eternity Pay, eAccount, Phoenix Dollar
Vertoro	<a href="http://www.vertoro.com">www.vertoro.com</a>	E-Gold, Pecunix
Nanaimo Gold Exchange	<a href="http://www.nanaimogold.com">www.nanaimogold.com</a>	E-Gold, E-Bullion, Pecunix, E-Dinar, Liberty Reserve, C-Gold
AnyGoldNow	<a href="http://www.anygoldnow.com">www.anygoldnow.com</a>	E-Gold, E-Bullion, Pecunix, C-gold
AsianaGold	<a href="http://www.asianagold.com">www.asianagold.com</a>	E-Gold, Liberty Reserve, Pecunix
Cambist.net	<a href="http://www.cambist.net">www.cambist.net</a>	E-Gold, Pecunix, Liberty Reserve
BetterXchangers.com	<a href="http://www.betterxchangers.com">www.betterxchangers.com</a>	E-Gold, E-Bullion
E-ForexGold	<a href="http://www.e-forexgold.com">www.e-forexgold.com</a>	E-Gold, E-Bullion, Pecunix, TechnoCash, WebMoney, Commerce Gold, C-Gold, Liberty Reserve
EuroGoldFrance	<a href="http://www.eurogoldfrance.com">www.eurogoldfrance.com</a>	E-Gold, E-Bullion, C-gold, Pecunix, V-Money
eXchange	<a href="http://www.exchange.net.ua">www.exchange.net.ua</a>	E-Gold, WebMoney, Pecunix, Paymer, Telepat
GoldEx	<a href="http://www.goldex.net">www.goldex.net</a>	E-Gold, WebMoney, Pecunix, V-Money
PaysGold	<a href="http://www.paysgold.com">www.paysgold.com</a>	E-Gold, E-Bullion, WebMoney, Pecunix, Liberty Reserve
SwapGold	<a href="http://www.swapgold.com">www.swapgold.com</a>	E-Gold, E-Bullion, Liberty Reserve
GoldNow	<a href="http://www.goldnow.st">www.goldnow.st</a>	E-gold, C-gold, Pecunix, e-Bullion, Loom Gold, Gold-Now Banc, Liberty Reserve
Exchanges Plus	<a href="http://www.exchangesplus.com">www.exchangesplus.com</a>	E-Gold, E-Bullion, Cyber Space ATM, Solid Trust, Liberty Reserve, C-Gold
BLCC Gold	<a href="http://www.blccgold.com">www.blccgold.com</a>	E-Gold, E-Bullion, WebMoney, Pecunix, Liberty Reserve



E-Bank International Org.	www.e-bank-international.org	E-Gold, E-Bullion
Active Gold	www.activegold.co.nr	E-Gold
ExchEngine	www.exchengine.com	E-Gold, E-Bullion, WebMoney, Pecunix, V-Money, MoneyMail, UkrMoney, DramCash
MuaBanGold.com	www.muabangold.com	E-Gold, E-Bullion, Pecunix, C-Gold, Liberty Reserve
TrainEx Co.	www.trainexservice.com	E-Gold, E-Bullion, WebMoney, Pecunix, Liberty Reserve, V-Money, Fethard, Ex Pay, CG-Pay, EPassporte
UnitMover	www.unitmover.com	E-Gold, E-Bullion, Liberty Reserve, Pecunix, WebMoney
Electrum, Inc.	www.electrumx.com	E-Gold, E-Bullion
GetEMoney	www.getemoney.com	E-Gold, E-Bullion, Liberty Reserve
SierraTradeAlliance.com	www.sierratradealliance.com	E-Gold, E-Bullion
GoldKOBO	www.goldkobo.com	E-Gold
GoldExchange.eu	www.goldexchange.eu	E-Gold
Japan E-Gold Exchange	www.e-goldex-jp.com	E-Gold
CuentaDigital.com	www.cuentadigital.com	E-Gold, Liberty Reserve, Pecunix, PagoFacil, RapiPago, BaproPagos
GoldChanger.net	www.goldchanger.net	E-Gold, WebMoney
GoldMediator.com	www.goldmediator.com	E-Gold, E-Bullion, Pecunix, C-Gold, Liberty Reserve
GreatAchiever	www.greatachiever.com	E-Gold, Pecunix, Liberty Reserve
JTgold.com	www.jtgold.com	E-Gold, E-Bullion
EICambista	www.elcambista.com	E-Gold, WebMoney, Liberty Reserve
Centregold	www.centregold.ca	Pecunix, E-Bullion, C-Gold, V-Money, Liberty Reserve, WebMoney
Buxar Exchange	www.buxarexchange.com	E-Gold, E-Bullion, WebMoney, RuPay, TechnoCash, Pecunix
AUGX Gold Exchange	www.augx.com	E-Gold, E-Bullion
Entelnova Global Service	www.entelnova.com	E-Gold, E-Bullion, Liberty Reserve, WebMoney
Euro Gold Exchange	www.eurogoldexchange.com	E-Gold, E-Bullion, I-Gold, Pecunix
Curisaur xChange	www.curisaurxchange.com	E-Bullion, Liberty Reserve
Exchange WebMoney & PayPal	www.exwp.com/index_en.html	WebMoney, PayPal
PP-WM.com	www.pp-wm.com	WebMoney, PayPal
Pay by Gold	www.paybygold.com	E-Gold, E-Bullion, WebMoney, Pecunix, GoldMoney, V-Money
SnapGold	www.snapgold.com	E-Gold, E-Bullion, Liberty Reserve
Gold-Wire	www.gold-wire.com	E-gold
PinoyGoldExchange	www.pinoygoldexchange.net	E-Gold
ROBOXchange.com	www.roboxchange.com	E-Gold, E-Bullion, Pecunix, EMoney, WebMoney, V-Money, Yandex.Money, MoneyMail, EasyPay, InterNet.Money, INOCard, Liberty Reserve, Mobile Wallet, UkrMoney, EMoney.md, UnitedPurse

## Vintage DGC



Early Allocated Gold Bullion Storage, Circa 1934



The First Official "Gold Bugs", Circa 1922



Original DGC e-mail list - labeled a 'Secret Society'



Fox News Investigative Reporters published this photo of Doug Jackson [center] leaving a gas station.



**Founder Simon 'Sidd' Davis demonstrates the powerful encryption used by Pecunix**



**The first documented e-gold trojan, Circa 1946.**

**The original Social Movement to adopt Digital Gold Currency began in the late 1930's as this early sandwich board ad documents. [Photo on Right]**

**It is also Interesting to note that the US Government's practice of distributing rebate checks to stimulate the economy also began in the 1930's.**

