

DGC Magazine

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

DIGITAL GOLD CURRENCY
COMING TO A STATE NEAR YOU!



Deficit spending is simply a scheme for the confiscation of wealth. In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value. Gold stands in the way of this insidious process. It stands as a protector of property rights.

Alan Greenspan
1966

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COVER

HONEST MONEY ATTEMPTS A COMEBACK

The abandonment of the gold standard made it possible for the welfare statists to use the banking system as a means to an unlimited expansion of credit. As the supply of money (of claims) increases relative to the supply of tangible assets in the economy, prices must eventually rise. Thus the earnings saved by the productive members of the society lose value in terms of goods.

Originally appeared in a newsletter called The Objectivist published in 1966 and was reprinted in Ayn Rand's Capitalism: The Unknown Ideal

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A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration. Be it enacted by the General Assembly of the State of Indiana:

SOURCE: IC 4-8.1-2-1; (09)IN0453.1.1. --> SECTION 1. IC 4-8.1-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

Sec. 1. (a) The treasurer of state is responsible for the safekeeping and investment of moneys and securities paid into the state treasury.

(b) After December 31, 2009, payments from the state treasury are subject to the requirements of IC 4-8.3. SOURCE: IC 4-8.3;

(09)IN0453.1.2. --> SECTION 2. IC 4-8.3 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

ARTICLE 8.3. GOLD AND SILVER COIN AND ELECTRONIC CURRENCY

Chapter 1. Application

Sec. 1. This article does not apply to any gold and silver coin, or to any legal tender of the United States, that has a recognized numismatic or collectors' character and value above its face or nominal value.

Chapter 2. Definitions

Sec. 1. (a) The definitions in this chapter apply throughout this article.

(b) For purposes of this article, the term "digital" may be substituted for any use in this article of the term "electronic".

Sec. 2. "Check" means a check, draft, bill of exchange, wire transfer, or any similar instruments.

Sec. 3. "Electronic gold currency" means a specifically defined amount of gold, measured in an electronic gold currency unit, that an electronic gold currency payment provider makes available to its customers as a medium of exchange.

Sec. 4. "Electronic gold currency account" means an account that:

(1) is with an electronic gold currency payment provider; and

(2) in which the electronic gold currency payment provider receives and maintains, and from which the electronic gold currency payment provider transfers, electronic gold currency.

Sec. 5. "Electronic gold currency unit" means a unit of title and ownership of a specifically defined amount of gold that is held in the accounts maintained



INDIANA HONEST MONEY

SENATE BILL No. 453

DIGEST OF INTRODUCED BILL

SYNOPSIS:

Use of gold by the state and local government. Requires the treasurer of state to designate one or more electronic gold currency payment providers to be a payment provider for the state and political subdivisions. Requires the treasurer of state and fiscal officers of political subdivisions to:

(1) maintain one or more electronic gold currency accounts with a designated electronic gold currency payment provider; and

(2) conduct all monetary transactions of the state or political subdivisions through electronic gold currency accounts. Provides that an electronic gold currency payment provider must use an electronic gold currency unit that constitutes a monetary unit of account and represents a claim of title to and ownership of a specifically defined, fixed weight of gold held by an independent specie vault. Specifies that a specie exchange with which an electronic gold currency payment provider associates must conduct the business of exchanging gold and silver coin, legal tender of the United States, and the electronic gold currency of the electronic gold currency payment provider. Provides that after December 31, 2009, the state and political subdivisions may not compel or require any person to recognize, receive, pay out, deliver, promise to pay, or otherwise use or employ anything but gold and silver coin (in that form or in the form of a designated electronic gold currency) as media of exchange with respect to certain payments. Provides that after December 31, 2009, a person receiving certain payments from the state or a political subdivision has the option of accepting payment in either legal tender of the United States or in electronic gold currency. Allows a person engaging in covered transactions to elect to receive or to pay a designated electronic gold currency instead of legal tender of the United States. Provides that if a person does not make a timely election, the medium of exchange for the transaction is legal tender of the United States. Specifies that if there is not sufficient gold in the state's or a political subdivision's accounts with electronic gold currency payment providers for the state or the political subdivision to make any payment in gold, the payment shall be made in legal tender of the United States.

WHAT WOULD THIS PASSING MEAN FOR THE DIGITAL GOLD CURRENCY WORLD?

- The bill sets standards for Electronic/Digital Gold Currency providers, and establishes safeguards and guidelines for establishing the worldwide Electronic Currency Exchange industry in Indiana. It also sets standards for specie exchange vendors and specie vaults. These are the businesses that would exchange sound money for fiat, and store individuals' deposits to their digital currency accounts. An added unstated benefit is the opportunity for Indiana to be at the forefront of a new industry that is mainly offshore at this time. The opportunities for new businesses and jobs, more specifically, local jobs, is excellent. In all actuality, Hoosiers can already use these services privately in their own transactions... the Honest Money Act will simply bring it to a wider audience.

THE INTENT OF THE GOLD/ SOUND MONEY BILL AND EASE OF IMPLEMENTATION FOR ANY STATE

For use to introduce the concept of Gold/Sound Money to others including your elected officials.

~ The Gold/Sound Money Bill would provide CONSTITUTIONAL Money - Money of True Value rather than money based on "debt" - to your State Treasury to AUGMENT (NOT replace) the Federal Reserve Note system (FRNs) currently being used. It has been called an example of "A Constitutional Competing Currency Bill."

~ Initially a state would REQUIRE tobacco suppliers, and/or others of the so-called "sin" industries (liquor, casinos, etc.) in your state, to pay their state fees and taxes in Gold/Sound Money (Gold and/or Silver coin, based on weight, Not face value, OR the digital equivalent). This would supply your state Treasury with the needed specie (funding in coin) or the digital equivalent of funds to assure that your state would NOT need to earmark or provide any other separate funds. This ensures that your alternative Gold/Sound Money model will function from the very beginning. Once the Gold/Sound Money model is up and running, other businesses and citizens, so inclined, would also be encouraged, on a volunteer basis, to use this system for payments to or from your state. The Gold/Sound Money system is Voluntary for those so inclined, but MANDATORY for the industries indicated above. A citizen or other busi-

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ness could, however, participate in the Gold/Sound Money system at any level they wished, and would not be tied to using the system for All transactions with the state, but at a level and frequency each could determine for themselves. The Gold/Sound Money system can function as both a One-Way system or a Two-Way system depending on the citizen's or non-mandatory business's wishes. Each could just receive Gold/Sound Money from the state as a receivable system or use it for paying obligations to the state or a combination of both. If one worked for the state he/she could receive their weekly /monthly pay as Gold/Sound Money, in total, or as just a portion.

~ The Gold/Sound Money system is nothing more than a way of providing people and businesses with an alternative to being compelled to use Federal Reserve Notes (FRNs) for business or private transactions by using real money of "true value" as opposed to FRNs which are actually "debt" instruments. There could come a day when these "debt" instruments may no longer be viable. The Gold/Sound Money Bill, in the interim, could help people become familiar with this alternative to carrying on business. It would also be a way for states to get their own houses in order and start conforming to the Constitution which the states are obligated to support.

~ The Gold/Sound Money Bill, which is compatible for any of the 50 states, was written by the very well known Constitutional scholar and practicing Constitutional lawyer, Dr. Edwin Vieira, Jr, who has numerous wins in the Supreme Court on Constitutional issues. The current Indiana version, which includes the addition of the digital component when using Gold/Sound Money, is available for viewing at <http://indianahonestmoney.com> ...and is available to capture and print off or download. The Gold/Sound Money Bill was researched extensively over many years and written to conform specifically with the Constitution !

~ The Gold/Sound Money Bill was modified (the addition of a digital component for ease of use) since it was originally introduced into the New Hampshire legislature back in 2004. This addition will make it easier for people to use Gold/Sound Money on a day to day basis. The previous argument against having to use unwieldy coins in transactions was put to bed with this twist of being able to also use a digital equivalent.

There are compatible systems already in place that deal in the transfer of digital Gold and Silver and these

systems would be able to dovetail nicely with The Gold/Sound Money Bill. Many can be funded by bank wire transfer or some other intermediary. Some of these, that might be considered to serve as the interface with the states. are: c-gold, iGolder.com, e-gold, gold-money.com, GoldExchange, Liberty Reserve, Pecunix, London Gold Exchange, etc.

Each state would choose one or a combination to serve as its interface(s) based on pedigree, reputation, reliability, and scalability. One system, of which I'm familiar, uses both Gold and Silver that is insured by Lloyd's of London and stored in secured, monitored and audited vaults, and can be transferred digitally to anyone with an account - such as the one set up and utilized by your state. The monthly storage and transfer fees are very reasonable for this secure, digital delivery system. Your state would simply set up an account and a citizen or vendor would do the same and use the account to either pay or receive digital Gold or Silver (or actual coins at your state treasury). Some of the interfaces have accounts with bullion suppliers which allows citizens to actually convert account assets into physical Gold or Silver and have it sent directly to them.

~ Think of The Gold/Sound Money Bill as an Insurance Policy for your state. If our fiat money system ever fails to function, then your state will have a system Up and Running to help businesses and people function. Besides, as mentioned above, your state will, finally, again be in full compliance with the Constitution for the United States of America. "No state shall...make any Thing but gold and silver Coin a Tender in Payment of Debts..." Article 1, Section 10.

~ ~ ~ ~ ~

If you have questions about The Gold/Sound Money Bill and/or how your state might move forward with implementation, contact Harvey Wharfield at mentor2@gmail.com or call 978 - 635 - 9586 anytime, between 11am and 11pm, Eastern, all 7 !

http://indianahonestmoney.com/ihm_files/Intent%20of%20the%20Sound%20Money%20Bill2.pdf

**2/28/2009 UPDATE: BILL FAILED
MR. HARFIELD INFORMED THE PRESS THAT
IT HAD FAILED.**

While the legislation died this week without a hearing, supporters believe it will be back next year and will be resubmitted until it passes, especially if the economy continues to falter.

http://www.pharostribune.com/local/local_story_058123024.html

GEORGIA CONSTITUTIONAL TENDER ACT

09 LC 21 0297

House Bill 430

By: Representative Franklin of the 43rd

A BILL TO BE ENTITLED AN ACT

To amend Title 7 of the Official Code of Georgia Annotated, relating to banking and finance, so as provide a short title; to provide legislative findings; to define certain terms; to require any bank or lending institution serving as a depository for the state or any department or agency of the state to offer and to accept gold and silver coin for deposit; to amend Title 50 of the Official Code of Georgia Annotated, relating to state government, so as to provide legislative findings; to define certain terms; to require the exclusive use of gold and silver coin as tender in payment of debts by or to the state; to provide for related matters; to provide an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

This Act shall be known and may be cited as the "Constitutional Tender Act."

SECTION 2.

Title 7 of the Official Code of Georgia Annotated, relating to banking and finance, is amended by adding a new chapter to read as follows:

"CHAPTER 9

7-9-1.

The General Assembly finds and declares that sound, constitutionally based money is essential to the livelihood of the people of this state, to the stability and growth of the economy of this state and region, and vitally affects the public interest. The General Assembly further finds that Article I, Section 10 of the United States Constitution provides that no state shall make anything but gold and silver coin a tender in payment of debts.

7-9-2.

As used in this chapter, the term:

- (1) 'Federal Reserve Accounting Unit Dollar accounts' means accounts based on federal reserve notes created by 12 U.S.C. Section 3, Subchapter XII.
- (2) 'Gold eagle accounts' means accounts based on the weight in troy ounces of the gold content of gold coins minted by the United States Mint since 1986 pursuant to 31 U.S.C. Section 5112(a)(7) through (a)(10) and 31 U.S.C. Section 5112(h).
- (3) 'Pre-1965 silver accounts' means accounts based on the face value of silver coins minted by the United States Mint prior to the Coinage Act of 1965 (Pub. L. 89, 81, 79 Stat. 254), having a 90 percent silver composition and containing when minted approximately 0.7234 troy ounces of silver per dollar of face value.
- (4) 'Silver eagle accounts' means accounts based on the weight in troy ounces of the silver content of silver coins minted by the United States Mint since 1986 pursuant to 31 U.S.C. Section 5112(e) and 31 U.S.C. Section 5112(h).

7-9-3.

Banks and lending institutions chartered by the state pursuant to this title, and any bank or lending institution serving as a depository for the state or any department or agency of the state, shall offer gold and silver coins minted by the United States to, and shall accept them for deposit from, the state and other customers.

7-9-4.

(a) Banks and lending institutions designated in Code Section 7-9-3 shall offer accounts denominated in:

- (1) Federal Reserve Accounting Unit Dollar accounts;
- (2) Pre-1965 silver accounts;
- (3) Silver eagle accounts; and
- (4) Gold eagle accounts.

(b) Accounts established as provided in subsection (a) of this Code section shall be segregated from all other

types of currency. Withdrawals shall be made in the same currency as deposits.”

SECTION 3.

Title 50 of the Official Code of Georgia Annotated, relating to state government, is amended by adding a new chapter to read as follows:

“CHAPTER 37

50-37-1.

The General Assembly finds that, as mandated by Article I, Section 10 of the United States Constitution, the state shall not make anything but gold and silver coins as tender in payment of debts. Federal Reserve Accounting Unit Dollars, having no redeeming value in gold or silver coin, shall not be made a tender in payment of debts by the state.

50-37-2.

As used in this chapter, the term:

(1) ‘Gold eagles’ means gold coins minted by the United States Mint since 1986 pursuant to 31 U.S.C. Section 5112(a)(7) through (a)(10) and 31 U.S.C. Section 5112(h).

(2) ‘Pre-1965 silver coins’ means silver coins minted by the United States Mint prior to the Coinage Act of 1965 (Pub. L. 89, 81, 79 Stat. 254), having a 90 percent silver composition and containing when minted approximately 0.7234 troy ounces of silver per dollar of face value.

(3) ‘Silver eagles’ means silver coins minted by the United States Mint since 1986 pursuant to 31 U.S.C. Section 5112(e) and 31 U.S.C. Section 5112(h).

50-37-3.

Pre-1965 silver coins, silver eagles, and gold eagles shall be the exclusive medium which the state shall use to make any payments whatsoever to any person or entity, whether private or governmental. Such coins shall be the exclusive medium which the state shall accept from any person or entity as payment of any obligation to the state including, without limitation, the payment of taxes; provided, however, that other forms of currency may be used in all other transactions within the state upon mutual consent of the parties of any such transaction.

50-37-4.

The value of each coin used pursuant to Code Section 50-37-3 as payment of obligations by and to the state shall be determined by the current market value of the silver or gold content of each coin and not determined by the face value of each coin itself. The value of the silver or gold content of each coin shall be equal to the most recent United States dollar value set on the current business day by the London Silver Fixing Price and the London Gold Fixing Price as of 10:30 A.M. Greenwich Mean Time and 15:00 P.M. Greenwich Mean Time as follows:

(1) Silver eagles and gold eagles shall be valued at the current market value of the silver or gold content of each coin; and

(2) Pre-1965 silver coins shall be valued at the current market value of the silver content of each coin, multiplied times 0.715 of the face value of each coin.

50-37-5.

The coins used pursuant to Code Section 50-37-3 shall be accepted for deposit by banks and lending institutions chartered by the state under Title 7 and by any bank or lending institution serving as a depository for the state or any department or agency of the state. Any such bank or lending institution may offer such coins to, and accept them for deposit from, other customers.

50-37-6.

Checks or electronic transfers or payments drawn on pre-1965 silver accounts, silver eagle accounts, and gold eagle accounts as such accounts are defined in Code Section 7-9-2 and in accordance with Code Section 7-9-4 shall be deemed to satisfy the United States Constitution’s requirement that payment of obligations by the state be made only in gold or silver coin and shall be deemed to satisfy the requirement of Code Section 50-37-3 for payment of obligations owed to the state.”

SECTION 4.

This Act shall become effective on January 1, 2010.

SECTION 5.

All laws and parts of laws in conflict with this Act are repealed.



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WM NOTES ARE A NEW METHOD OF PAYMENT ACROSS EUROPE

Introducing a brilliant new financial product for the European market. This is simple to use, very secure and offers merchants powerful advantages over conventional credit card services. The new instrument is simply called the "WM note". Don't be confused by its name, there is no printing required! A WM note might also be identified as 'digital unit'.

WM notes transactions occur through this web site www.Webmoney.EU

I had a chance to chat with Mr. Anatoly Ostrovsky the project manager for WebMoney.EU in Latvia. He walked me through several transactions using the WM notes and explained in detail how their system operates.

Webmoney.EU describes the notes as being, "...a single solution for e-money payments across Europe." The business is identified as a European e-money system. E-money is an electronic surrogate of cash.

Directive 2000/46/EC of the European Parliament and of the Council from September 2000 states,

"For the purposes of this Directive, electronic money can be considered an electronic surrogate for coins and banknotes, which is stored on an electronic device such as a chip card or computer memory and which is generally intended for the purpose of effecting electronic payments of limited amounts."

After reading this, some questions immediately came to mind

1. Is the WM note loaded onto some new type of plastic card or used as a digital cell phone payment as Dave Birch may be blogging about?
2. Or is a WM note a printed voucher like a Ukash receipt or one of the older EMO printed money orders?

EXACTLY WHAT IS A WM NOTE?

The WM note is a financial product unlike any other European product...it's not a paper voucher nor a plastic card. In my opinion, the new WM notes are in

a class by themselves and for this European product, Webmoney has taken fund transfers to a new level.

The WM note, is a regulated payment instrument for the European market and the issuer follows strict EU guidelines. Digitalmoney.lv is the web site which supports the Latvian company ELMI "Digital Money", SIA and this company is the note issuer. Since this company is Latvian, the digital units are denominated in lats and called LVL.LV1.

WHAT THIS LVL.LV1?

LVL.LV1 - is a code assigned to a WM Note that contains e-money, issued by Digital Money, SIA. This Latvian e-money institution, also known as a type of local credit institution, sells electronic money and guarantees the exchange of its par value.

A WM NOTE

While chatting with Anatoly, he sends me over this number "4644005438:4712833400661" and explains that this is a test WM note for 100 lats - (about \$180 USD) To receive these funds from Anatoly who is located in Latvia, I don't need any sort of bank account, brokerage account, credit card or paper voucher... just these two numbers separated by a colon. (WM Number:WM Note) The numbers physically identify the digital note and there is nothing else required. They didn't arrive in my registered Webmoney.EU account because I don't have one.(there is no such account, it's not required) You don't need any type account to receive a WM note and the numbers could be transmitted by phone, written paper note, Internet or any other method which works. You don't need to print a voucher to possess a WM note and it does not have to be recorded with any outside device like a cell phone or magnetic card, the manifestation of a note is simply these two numbers batched together. You should however, either cut and paste those numbers to a text file, thumb drive, floppy or write them down. If you lose those numbers, the value is gone forever and cannot be retrieved. I made the goofy mistake of asking Anatoly if I lost my numbers could he retrieve them and get my value back? Then just as my question appeared in his Skype panel, I realized the futility of asking such a question. How would they identify the note as

Verify WM Note


Amount 100.00 Ls.LV0

WM Number

4644005438

WM Code

4712833400661



Terms of Use accepted

Verified

Verify next WM Note

owned by me? I have no registered account, didn't give my name when purchasing or receiving it and the WM number which is the only identifier for the note can easily be changed in an instant. The silver lining, for me at least because I always lose stuff, is that the WM notes have a max value of just 150euro because of EU regulations so even if your computer eats the digits, you won't be out much.

As you can tell these two numbers do not show the actual value behind the note. The long numbers could represent 100 lats or just 1 lat, there is not way to discover its value by looking at those digits. To properly identify the note's value and verify its authenticity, the holder must visit, <http://www.webmoney.eu> - enter the big number and click the 'Verify' button. If the note is valid, you will see a screen saying 'Verified' and the value of the note. These numbers "4644005438:4712833400661" have now properly been identified as representing a value of 100 lats. and the note has also been verified as valid.

At this point if I wanted to send someone 100 lats, I would just get these two number to them anyway I could: phone, email, snail mail, SMS or smoke signals. Anyway you can deliver these numbers, you have sent that person the value behind the note. Payment is instant.

Split WM Note

Amount 34.40 Ls.LV0

New WM Number

4644005438

New WM Code

4712833400661

New WM Note

Amount 10.00 Ls.LV0

New WM Number

3306105380

New WM Code

02125182451114221136



WM Note before Split

Amount 44.50

Ls.LV0

WM Number

4644005438

WM Code

4712833400661



If you have received a WM note and you want a smaller size, it is very easy to 'split' the value into one or more smaller sizes. I have a note valued at 44.50 and want a smaller 10.00 lat note to pay a friend. From the menu I selected 'Split' and enter my existing 44.50 note. As you can see from the screen shot, the 'WM Note before Split' of 44.50 is recognized and an additional new note is created. A blank field for the new note's value is now available and 10 is entered. I proceed to split the note and I'm left with two notes, the original now valued at 34.50 and the new smaller 10 lat note. Opps, a small fee of 1% is taken from the original note pay for the split, so my original note is now only valued at 34.40 lats.

WHAT CAN WM NOTES DO FOR ME?

Quite simply, anything that can be sold or bought with a credit card or bank account, can be sold and bought using WM notes. It is cheaper to use the notes, there is NO fraud like you find with credit cards and the product appeals to a much wider audience than traditional credit methods of payment. If you have an online business which sells products or services you will need a way to accept digital funds from customers. By using the Webmoney.eu web site you have a simple to use, cost-effective, and reliable way to accept e-commerce payments using the e-money stored in WM Notes. Some of the best features have been incorporated into the notes.

- **No charge back**
- **No set-up fees**
- **No monthly fees**
- **Low transaction fees (2% per transaction)**
- **Selection of Issuer is subject to merchant's preference**
- **The number of WM notes you can hold is unlimited**

Their web site offers all users detailed instructions for easy software integration. Free of charge your web business can accept WM notes as a method of payment. Their online help covers every topic from creating a payment demand form to proper payment data verification. (access to Webmoney.eu and the notes is not yet available from mobile devices)

As a consumer if you are thinking about using the new

WM notes, you should know there is a maximum size limit when buying notes and that is just 150 euro. This is a statutory requirement and common across Europe.

HOW CAN THE WM NOTES BE PURCHASED?

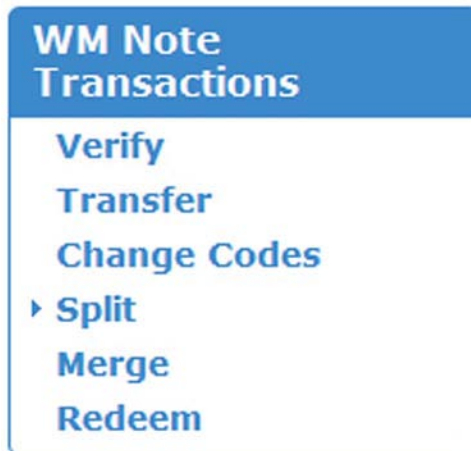
To issue these notes, you must be licensed and regulated. At this time, the WM notes denominated in Latvian currency can only be purchased from the issuer ELMI "Digital Money", SIA using an online bank transfer from a Latvian bank. The transaction from notes to national currency is also handled directly through the local online bank transaction. (<https://digitalmoney.lv/dml-pub/redeem/wire/index.html>) I'm told that soon other businesses in other European countries will be up and running so look for WM notes issued in euro perhaps as soon as this summer.

Anatoly explained that the Latvian market could be considered a very large test market for other European countries. Since retail customers and businesses vary considerably across Europe, there has yet to be any sort of one-size-fits-all digi-money payment method. Seeing this as an opportunity, Webmoney. EU is striving to fill this void and the WM notes offer each country

a local ability grow their payment system from within each area. Right now the company is concentrating their efforts on the Latvian market and will soon expand into other countries.

Article by Mark Herpel

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TRACKING CHINA'S GOLD

China has nearly \$2 trillion in surplus reserves. In fact, at nearly \$2 trillion, China has the largest foreign reserves of any country in the history of the planet. Whereas Washington now has nearly \$11.4 trillion in debts, not counting the contingent liabilities of the real estate crisis. China has a mere 0.9% of its reserves in gold (600 tones) now. That's the lowest of any industrialized economy. The US has 77.3% of its foreign reserves in gold. Just to up its reserves to 5% in gold, Beijing would have to purchase \$93 billion worth of bullion. That could easily send the yellow metal skyrocketing to more than \$2,000 an ounce.



**COSTA RICA
GOES
GOLD**

INTRODUCING GOLD-PAY.COM A NEW DGC

INTERVIEW

Can you please tell our readers your full name and your position with Gold-Pay.com ?

James Sinclair, Marketing Manager

What is Gold-Pay.com ?

Gold-Pay is a 100% gold backed e-currency

Are all transactions final?

All transactions are final. However, Gold-Pay will not knowingly permit transfers of criminal activities.

Where are you located and where are your servers?

Operations are conducted in Costa Rica and this includes our customer service and servers. We do have other back-up server locations.

How did you get started in the digital gold business?

The founders of the company had considerable experience in processing for other online industries and they saw a need for a gold backed currency that could be directly funded. My own experience is in marketing and I am very excited to be onboard with this group. There is going to be very rapid growth this year and it will be very challenging.

Right now, we understand your company is just entering the market, how many exchange agents do you have which can provide national currency to Gold-Pay exchanges?

Currently, Gold-Pay has 4 exchangers with the list growing everyday.

How many Gold-Pay merchants are now on board accepting your new DGC?

We are just developing our list of merchants and we will be adding many in the very near future. Gold-Pay is going to be able to make inroads into industries such as online gaming that none of the other currencies in

this industry have to this point.

Do you have a target market of users your company will be soliciting?

The target market for Gold-Pay is any individual or industry that is not well suited for traditional funding methods such as Visa and Mastercard. This would be all the people in the world who don't use credit cards, who do not have bank accounts and those people who prefer the safety of using gold to conduct transactions and the industries that market to these individuals.

The domain Gold-Pay.com was active back in all of 2004 and early 2005 did you operate the business at that time?

Actually, we were not aware of the domain names prior use and nobody with Gold-Pay has any affiliation with the prior users of the domain.

So you purchased the system or the domain and added your own system?

We purchased the domain name and built our own system.

Why is it important to have a gold based payment system? Why not just use dollars and accept credit cards?

As we are now seeing in the United States, with the massive printing of money by the Federal Reserve, that dollars are not a good store of value because they can be devalued at will by the government. This is true not only of dollars but any fiat currency. Gold is what the world is going to be using for currency in the future. In 1972 if you had 1 oz. of gold and its equivalent at that time, \$35, and put both in a box for storage, what would they be worth now? When you opened the box you would still have 1 oz of gold and \$35 but now the \$35 does not buy nearly as much as it did in 1972 whereas the gold has maintained its value and is now worth about \$1000.

GoldMoney has a very strict CAP (customer acceptance policy) they require not only ID but they verify everything just like a bank would. I noticed from your web site that at some stage of the sign up there was a request for ID and verification. Can you describe your customer policy how strict are your terms and how hard is it to get an account up and operating?

Let me clarify, we do not require accounts to be verified but we do recommend that our users verify their accounts for greater security. So Gold-Pay accounts are very easy to set-up and begin using. We think privacy is as important as security.

Do large experienced companies handle the vaulting of your gold?

Gold-Pay uses a combination of experienced external companies to store gold for the Gold-Pay system.

Do you have any plans to publish on your web site an audited look at your reserves anytime soon?

Yes, we do have plans to publish an audit of our gold reserves and anticipate that this will be done at least twice a year.

E-gold does not do business directly with anyone, they used a Primary Dealer (OmniPay) which handles transactions for agents and sometimes the public. How do agents and clients purchase digital gold from Gold-Pay, do they send money directly to your offices or do you also use one primary agent or dealer? Or do you deal directly with several larger agents like Pecunix?

Gold-Pay is unique in that in addition to exchangers, we accept direct funding. Customers can fund their accounts directly without any fee from Gold-Pay via Western Union, MoneyGram, Xoom and bank wire transfer. so if a user sends \$100 directly to Gold-Pay then they receive \$100 worth of gold in their account. Direct funding is going to make things a lot simpler for many new and existing users of gold backed currencies. Our exchangers also offer alternate methods of funding Gold-Pay accounts such as changing from other e-currencies and depositing in banks with cash.

Do you have a debit card associated with Gold-Pay.com? Are there any ATM cards which I can load with Gold-Pay.com?

Currently, there is not a debit card available but we expect to have that in the near future. There are not any ATM cards that load directly to Gold-Pay.

Is there an easy interface for online businesses to integrate Gold-Pay as a method of payment?

Yes, Gold-Pay offers an API for Merchant integration to make things as easy as possible for our merchants.

Who do you see as your competition?

First, in a narrow sense, obviously the other gold-backed currencies in the industry. In a broader sense the competition is everyone competing for those unbanked and cash users who currently do not have many economical options.

What area in Costa Rica are your offices?

Our offices are in Alajuela, Costa Rica.

Do you have an affiliate program where I can earn some gold sending customers to you web?

Yes, any account holder can use a referral link to their account and receive 10% of any fees that a referred account generates.

Do you permit high yield investments and autosurf MLM type programs to use Gold-Pay?

I don't really like to think about what we allow or don't allow. We permit all types of businesses. We will not knowingly permit criminal activity but I don't like the idea of prohibiting whole industries. One could make a pretty good case that Lehman Brothers, Merrill Lynch, and the other investment banks are basically giant frauds as well but I don't think that means that every investment is a fraud.

Is your company or management associated with any other payment system like Liberty Reserve or Pecunix?

No, Gold-Pay is completely independent of any other e-currency and we have no affiliation with any investment programs or any other business.

What are your methods and hours for customer service?

Gold-Pay has live chat operators available from 9 AM EST to 5 PM EST Monday through Friday and email support 24/7.

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

###

I'd like to thank James for taking time to interview with DGCmagazine and wish his company the best of luck

INTERVIEW BY MARK HERPEL



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STATE OF COLORADO

HOUSE BILL 09-1206



A BILL FOR AN ACT CONCERNING AN ELECTRONIC CURRENCY BACKED BY RESERVES OF PRECIOUS METALS.

Bill Summary

Establishes a system for certain transactions to allow the state and political subdivisions to make and receive payment using an electronic gold currency, which transactions shall include:

- **Taxes and other involuntary charges;**
- **Purchase or sale of property by the state or a political subdivision;**
- **Any payment that arises out of the exercise of eminent domain;**
- **Judgments, decrees, or orders; and**
- **Wages, salaries, fees, or other monetary compensation.**

Requires tobacco taxes to be paid using electronic gold currency.

Requires the state treasurer to designate electronic gold currency providers through which the electronic gold currency transactions will be conducted for the state and political subdivisions. Requires any person that wants to make or receive a payment in electronic gold currency to maintain an account with an electronic gold currency payment provider.

Requires the state treasurer and a fiscal officer of a political subdivision to facilitate the implementation of the electronic gold currency system.

Establishes qualifications for a designated gold currency payment provider, which include:

- **Storage of gold representing the electronic gold currency units in each customer's account by an independent specie vault;**
- **Association with, or provision of services of, a specie exchange to allow the customers of the electronic gold currency payment provider to undertake various conversions involving gold and silver coin, electronic gold currency, and legal tender of the United States.**

Establishes qualifications for an independent specie vault and for specie exchange.

Establishes civil liability and criminal penalties for the inaccurate determination of exchange rates between electronic gold currency and legal tender of the United States.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Title 24, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW ARTICLE to read:

ARTICLE 19.3

Payment in Coin and **Electronic Currency**

24-19.3-101. Short title. THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED AS THE "COLORADO HONEST MONEY ACT".

24-19.3-102. Legislative declaration. (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

(a) THE ABSENCE OF GOLD AND SILVER COIN OR OF AN ELECTRONIC GOLD CURRENCY THAT IS PAYABLE IN A SPECIFIED WEIGHT OF

GOLD METAL AND CONVERTIBLE ON DEMAND INTO GOLD AND SILVER COIN AS MEDIA OF EXCHANGE BETWEEN THE STATE OF COLORADO AND THE CITIZENS, INHABITANTS, AND BUSINESSES OF THE STATE:

(I) EXPOSES THE STATE AND THE CITIZENS, INHABITANTS, AND BUSINESSES OF THE STATE TO CHRONIC PROBLEMS AND POTENTIALLY SERIOUS CRISES THAT MAY ARISE FROM THE ECONOMIC AND POLITICAL INSTABILITY OF THE PRESENT DOMESTIC AND INTERNATIONAL SYSTEMS OF COINAGE, CURRENCY, BANKING, AND CREDIT;

(II) EXPOSES THE STATE AND THE CITIZENS, INHABITANTS, AND BUSINESSES OF THE STATE TO THE CHRONIC DEPRECIATION OF MEDIA OF EXCHANGE OTHER THAN GOLD AND SILVER; AND

(III) WEAKENS THE FISCAL FOUNDATION OF THE STATE AND THE CITIZENS, INHABITANTS, AND BUSINESSES OF THE STATE; AND

(b) IT IS NECESSARY AND PROPER FOR THE GENERAL ASSEMBLY TO GUARANTEE TO AND PROVIDE FOR THE STATE A CONSTITUTIONAL AND ECONOMICALLY SOUND MEDIA OF EXCHANGE BY EXERCISING THE STATE'S POWER, PRIVILEGE, AND DUTY TO MAKE GOLD AND SILVER COIN A TENDER IN PAYMENT OF DEBTS, AS RESERVED TO AND REQUIRED OF EACH STATE UNDER CLAUSE 1 OF SECTION 10 OF ARTICLE I OF THE UNITED STATES CONSTITUTION, AND CONFIRMED BY THE TENTH AMENDMENT THERETO.

http://www.leg.state.co.us/Clics/CLICS2009A/csl.nsf/fsbillcont3/107A082F6E9A3E098725753E005BDC18?Open&file=1206_01.pdf

Colorado House Bill 09-1206

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MISSOURI LEGISLATION HB 561

(SUMMARY)

ESTABLISHES PROCEDURES FOR THE USE OF ELECTRONIC GOLD CURRENCY BY THE STATE OF MISSOURI AND ITS POLITICAL SUBDIVISIONS

FIRST REGULAR SESSION HOUSE BILL NO. 561 95TH GENERAL ASSEMBLY INTRODUCED BY REPRESENTATIVES GUEST (Sponsor) AND FUNDERBURK (Co-sponsor).

HB 561 -- Electronic Gold Currency

Beginning January 1, 2010, this bill establishes procedures for the use of electronic gold currency by the State of Missouri. In its main provisions, the bill:

(1) Defines "electronic gold currency" as a specifically defined amount of gold, measured in an electronic gold currency unit, that an electronic gold currency payment provider makes available to its customers as a medium of exchange;

(2) Requires the State Treasurer and the fiscal officer of each political subdivision of the state to:

(a) Designate one or more electronic gold currency payment providers as the provider for the state and political subdivisions;

(b) Maintain one or more electronic gold currency accounts;

(c) Conduct all monetary transactions involving gold and silver through the designated provider and account; and

(d) Prepare the necessary forms and informational material to educate and enable persons to pay to and receive from the state using electronic gold currency as required;

(3) Requires the State Treasurer to quarterly report to the Governor and General Assembly and make recommendations to the General Assembly concerning receipts, deposits, disbursements, and other information related to monetary transactions involving gold and silver in any form;

(4) Requires the State Treasurer to advise any fiscal officer requesting information related to his or her implementation of the bill;

(5) Establishes procedures for electronic gold currency payment providers to qualify for the designation by the State Treasurer;

(6) Requires the state and political subdivisions to compel or require any person to use gold and silver coin in that form or in the form of a designated electronic gold currency as media of exchange with respect to:

(a) The calculation and payment of any tax, involuntary contribution, charge, assessment, fee, fine, or other monetary penalty imposed by the state or a political subdivision;

(b) The principal and interest of any loan;

(c) The purchase or sale by the state or a political subdivision of any tangible personal property, assets, property, things of value, or legal or equitable rights, easements, or other interests;

(d) Any monetary award or agreement related to the condemnation of property through eminent domain;

(e) Any judgment, decree, or order of any court, administrative agency, or other entity of the state or a political subdivision unless they find that payment in gold, silver, or electronic gold currency does not constitute just compensation or that another form of payment is necessary; and

(f) Contracts, agreements, or other arrangements for the payment of wages, salaries, fees, or other monetary compensation;

(7) Allows contracts or other agreements payable by other mediums of payment prior to January 1, 2010, to remain payable by the other medium;

(8) Requires taxes on tobacco to be made in electronic gold currency units;

(9) Allows legal tender of the United States to still be used and requires entities to calculate costs of things of value in United States legal tender and electronic gold currency;

(10) Establishes guidelines when there is not sufficient gold in the state's or a political subdivision's account with electronic gold currency payment providers; and

(11) Establishes guidelines with respect to an inaccurate determination of exchange rates between



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legal tender of the United States and a designated electronic gold currency that affects the right, power, privilege, or immunity secured under these provisions. Anyone who knowingly or intentionally makes, advises, aids, or attempts to conceal by the withholding, destruction, or falsification of a record an inaccurate determination of exchange rates will be guilty of a class B misdemeanor.

<http://www.house.mo.gov/content.aspx?info=/bills091/bills/hb561.htm>

###

WEBMONEY JOINS INITIATIVE TO PROTECT CHILDREN FROM INTERNET THREATS

Webmoney Transfer has just become a part of a Ukrainian campaign launched to known as the coalition for the safety of children on the Internet. The coalition was created by Microsoft Ukraine. Members of the group includes Hewlett-Packard Ukraine, the Internet Association of the Ukraine, Ministry of Internal Affairs of the Ukraine, Webmoney and others.

The name of this program, when translated into English, is read as "safety of children in the Internet". The framework includes a wide series of the measures to protect youngsters from encountering illegal & immoral people, situations and material over the internet. Much of the material is also pro-active information which is aimed at helping children and new users of the Internet in understanding not to provide personal and financial information online. Children are especially prone to offering private information over the Internet which can be used by for illegal purposes. This program focuses on young Internet users and preventing the loss of personal information. A primary directive of the program is the instruction of children, teachers and parents in the rules, regulations and safe use of the Internet. Another goal of the campaign is the creation of corresponding child protection legislation.

The home page for the Ukrainian program is <http://www.onlandia.org.ua> While not available in English, the material on the web site is conveniently structured by age categories offering practical access to children and adults.

Webmoney Transfer has pledged to support these important pro-active measures & initiatives directed towards fighting the spread of child risks on the Internet. Webmoney Transfer has a successful history of more than 10 years in operation.

###

HOUSE JOINT MEMORIAL 4010

State of Washington 61st Legislature
2009 Regular Session
By Representatives Condotta, Shea, Klippert,
Kretz, and McCune

Read first time 01/30/09.

Referred to Committee on Financial Institutions & Insurance.

TO THE HONORABLE BARACK OBAMA,
PRESIDENT OF THE UNITED STATES,
AND TO THE PRESIDENT OF THE SENATE
AND THE SPEAKER OF THE HOUSE OF
REPRESENTATIVES, AND TO THE SENATE
AND HOUSE OF REPRESENTATIVES OF THE
UNITED STATES, IN CONGRESS ASSEMBLED:

We, your Memorialists, the Senate and House of Representatives of the State of Washington, in legislative session assembled, respectfully represent and petition as follows:

WHEREAS, There is an unprecedented need for Congress to pass legislation to help protect American citizens against potential, unprecedented losses in the value of take-home pay, retirement income, insurance policies, and investments due to the recent large-scale increases in the money supply by the Federal Reserve for the purpose of bailing out large corporations, loans to foreign central banks, etc., by restoring gold and silver money in accordance with the Constitution, then phasing out the Federal Reserve System and its inflationary paper money, the Federal Reserve Note; and

WHEREAS, Our Founding Fathers were very familiar with the disastrous consequences, such as sharp price increases and the loss of wealth by most citizens, experienced by those colonies that had issued paper money not backed by gold or silver; and **WHEREAS**, Our Founding Fathers were very careful to craft a Constitution that prohibits the issuance of paper money by either the federal government or the states by including such statements as "No state shall . . . make anything but gold and silver coin a tender in payment of debts . . ." (U.S. Constitution, Article I, Section 10), and only empowering the federal government "To coin money, regulate the value thereof, and of foreign coin . . ." (U.S. Constitution, Article I, Section 8); and

WHEREAS, The U.S. Constitution designated the "dollar" as the standard of value (U.S. Constitution,

Article I, Section 9, Clause 1 and the Bill of Rights, the Seventh Amendment), which was acknowledged in the federal Mint Act of 1792 to be a silver coin containing 371.25 grains (troy) of pure silver; and

WHEREAS, Our national government's first experiment with an unbacked paper currency, the Civil War-era "greenback," led to the large-scale loss of wealth by U.S. citizens when they were paid with "greenbacks," which had only about half of the value of gold-backed notes; and

WHEREAS, The creation of the quasi-public, independent Federal Reserve System by Congress in 1913 has led to our current monetary system of a fiat paper currency, the "Federal Reserve Note," not backed with either gold or silver since 1971; and

WHEREAS, The Federal Reserve System created a 3,000% increase in the money supply (properly known as inflation) over the years 1959 to 2006 which led to an 89% loss in the purchasing power of our "Federal Reserve Note" paper dollars (the classic effect of inflation) during the same time period; and

WHEREAS, The Federal Reserve System has been greatly increasing the money supply in recent years, and beginning with the financial crises of 2008, undertaking to create additional trillions of dollars out of thin air for bailouts with no end in sight, or as the New York Times for November 26, 2008, put it, "The Federal Reserve and the Treasury announced \$800 billion in new lending programs on Tuesday, sending a message that they would print as much money as needed to revive the nation's crippled banking system."; and

WHEREAS, As a result of these recent, large-scale increases in the money supply, we can expect unprecedented rounds of price increases and economic dislocations in the future, leading to unprecedented losses of the value of take-home pay, retirement income, insurance policies, and investments by most citizens, and possibly ultimate economic chaos;

NOW, THEREFORE, Your Memorialists respectfully pray that the Congress of the United States, and particularly, the legislative delegation to Congress of the State of Washington, use all of their efforts, energies, and diligence to protect all the citizens of this nation from potential, unprecedented losses in the value of take-home pay, retirement income, insurance policies, and investments as a result of the Federal Reserve's ongoing inflation of our unbacked paper money by passing legislation (such as H.R. 2756 to repeal our nation's legal tender laws, H.R. 4683 "The Free Competition in Currency Act of 2007," and H.R. 5427 the "Tax-Free Gold Act of 2008") to help restore gold and silver money in accordance with the Constitution, then phasing out the Federal Reserve System and its inflationary paper money, the Federal Reserve Note

(as in H.R. 2755).

BE IT RESOLVED, That copies of this Memorial be immediately transmitted to the Honorable Barack Obama, President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington.

<http://house.mo.gov/print.aspx?info=bills091/bilsum/intro/sHB5611.htm>

###

BERMUDA BASED HEDGE FUND OFFERING SHARES PRICED IN GOLD

Shares which are normally quoted in a currency such as sterling or dollars, are to be available in a new gold denomination.

Just like a Webmoney Gold (WGM), GoldMoney or Pecunix account shares in Osmium Capital Management, will now offered denominated by weight in gold.

Investors wishing to avoid the hidden tax of inflation which is apparent today in all of the world's major fiat currencies will be able to soon subscribe to this fund using dollars, euros or pounds but at the time of their purchase the amount will be converted in a weight of gold and denominated in gold from that day forward. This is precisely how a GoldMoney account operates and in fact a stock market with prices in gold has been suggested many times before by DGC veterans.

The operator of the fund stated they would hedge the funds exposure to movement in the gold price by selling gold for cash and buying gold forward.

"The gold [share] class will be invested in the same pool of assets as the other currency classes, except that this return will be denominated in terms of troy ounces of gold and exposed to the price of gold relative to the currency in which the subscription was made"

Source:

<http://www.telegraph.co.uk/finance/personalfinance/investing/4401452/Hedge-fund-to-offer-shares-priced-in-gold.html>

Ten Reasons to Avoid the Gold ETF

by Michael McGowan JD, CFP®
<http://www.financialfoghorn.com>

“Given that the stated amount of gold in the GLD Trust has grown to over 850 tonnes, it appears that a lot of investors believe that investing in GLD is the same thing as buying physical gold bullion.” Dave Kranzler, www.lemetropolecafe.com, Little Bear Table, 2-10-2009

There may be many things to hope for in the oncoming Obama administration. Investing in the bullion ETF, GLD, is not one of them.

1. I'll start with the opening sentence of the gold ETF itself and work outwards to you. The opening sentence of the November 2004 gold ETF prospectus said, “This ETF is intended to track the performance of the price of gold.” Note that it doesn't say it will own gold, or anything so prosaic. This Exchange Traded Fund that promises easy gold ownership for America is only going to track it. You know, like your cat tracking a crow in the back yard. And if GLD or your cat never quite gets there, well, it was an interesting exercise.

A careful reading of the first sentence should tell you that this is a document written by lawyers, and it is intended to be read by other lawyers who might be thinking of suing the guys represented by the first group of lawyers. The opening sentence is nothing if not defensible.

2. GLD Share Price: The current price of the ETF is said to be 1/10 of the price of gold. Yet, GLD's price is usually below the actual price of gold even as priced on the COMEX. Well, when GLD sells new shares that's the amount of money they get to buy gold. And they buy ounces of gold with it. This means that somehow, by some secret method, the guys managing a gold bullion ETF, while always behind the market, manage to pick up tonnes of gold at a discount to the COMEX price. This is not possible. The gold market is global and operates 24/7 all over the planet. If gold is under priced somewhere, it will be arbitrated like a Tonya Harding knee chop.

Think about it. Gold is currently very difficult to find under the earth. It's tough to mine profitably, much less mill and smelt, and insure, transport and store. Why would anybody be selling a bar of gold even near or below the

price of an historically suspect pricing mechanism like the NY COMEX? Why is there no premium on these shares? The Central Fund of Canada (CEF) trades at a premium, but then, it goes to some lengths to actually buy and own gold bullion.

Only if there's some other “form” of gold being purchased, such as a derivative “promising” to deliver gold, can the pricing mismatch begin to be explained. (See #9 below, Jim Turk says there are only gold “deposits” involved here. And Jim Sinclair says gold derivatives are being used.)

Or perhaps the disparity of price could have to do with the shorting of GLD shares by those nefarious short sellers. With shorted shares, at the very least, you have two potential claims to ownership to a GLD share. If the shares were shorted naked, who knows how many claimants there could be. Want to go there?

3. Gold Acquisition: Then there's the amount of alleged gold acquired for GLD per se. Many sources, including the World Gold Council, the Sponsor of the ETF, have noted that the quantity of gold mined the past four years has plateaued somewhere below 2500 tonnes a year. Divide even that optimistic 2500 tonne number by 52 weeks a year, and you get about 48 tonnes of global gold production per week.

Yet, somehow, during the first two weeks of February, 2009, for instance, GLD said it acquired almost 103 tonnes of gold, more gold than was mined in the entire world during that two week period. (Don't ask about getting gold from above ground stocks. Do you think that owners of large piles of gold are selling these days?) GLD's purchases apparently left zilch gold for all those other gold bullion ETFs - the IAU in the U.S., and the British, Swiss, Indian and Australian gold ETFs in their respective countries.

These plentiful purchases of GLD occurred smoothly and instantly despite London Metal Exchange buyers, mining shortfalls, South African power failures, the dental profession, manufacturing, and even Central Bank buying. And GLD did all this buying without kicking up the price unduly?

India, which has been buying more than 25% of the gold coming out of the ground for years (said to be some 15 tonnes a week) apparently got none.

The OPEC countries, that have been buying a lot of gold through Istanbul, apparently didn't get any gold those weeks either.

THE FINANCIAL FOGHORN

AUTHOR, SPEAKER: “Wall Street, and Precious Metals” [1-2-2009]

Keynotes & Conferences: Michael McGowan, an Attorney and Certified Financial Planner®, has been speaking on financial subjects for over 26 years.



TOPIC: Wall Street Investing, and Precious Metals

Seven Modules - Including Wall Street Yarn Spinning:

1. Financial Planning in an Uncertain World,
2. Some Monetary History Background of Gold,
3. How Gold as Subject Matter Disappeared,
4. Defensive Investing - Coins and Mutual Funds,
5. Offensive Investing - Mining Company Shares,
6. Human Behavior and Market Performance,
7. Steps to take for Better Portfolio Results.

As a professional speaker, offering investment education workshops through Sanitate Associates for the past 15 years, Mike has received outstanding evaluations from lawyers, CPAs, and non-profit organizations. His 2nd book, *Financial Foghorn's Guide to Gold*, is available at www.financialfoghorn.com where he also offers a newsletter and online education about precious metals.

Mike entered the securities business in 1982. His last position was as the Director of Training for Financial Network Investment Corp. Formerly, he served as a retail stockbroker for Dean Witter Reynolds, and a portfolio manager for Santa Barbara Bank and Trust where he managed more than \$145 million dollars of other people's money. Other relevant financial experience & education includes:

Lecturer for the University of Maryland in Germany and Japan.

Financial columnist for the American Bar Association Journal.

NASD arbitrator for securities cases in Los Angeles since 1988.

Toastmasters, ten years membership, Club President, Contest winner.

Member: California Bar, Western Pension Benefit Conference,

and the American Society for Training and Development.

A graduate of Penn State University, and Hastings College of the Law.

California Community College lifetime teaching credential.

A partial list of former clients includes: Corporations - Money Magazine, , Bank of America, Goodyear, J.R. Simplot, and Northern Telecom, American Hawaii Cruise Lines. **Law Firms** - Alston and Bird; Freeman, Freeman & Smiley; Parker and Milliken; the Fresno, Los Angeles, and North Dakota Bar Associations. **CPA Societies** - in 14 States. **Non-Profit Organizations** - International Investment Conferences (Gold Show), Aspen Institute, City of Hope, Chautauqua Institution, L.A. Planned Giving Roundtable (2004 Investment/Gold Panel).
CONTACT: Michael McGowan JD, CFP® Ph:(626) 796-9104; ff@financialfoghorn.com

And the jewelry industry, which supposedly absorbs over 70% of the gold mined each year, apparently surrendered its purchasing for the first two weeks in February so that ONE American bullion ETF could buy all the gold available.

Ever heard of a guy named Tino DeAngelis? Back in the 1960s, he said he had a lot of salad oil...and didn't. If you believed in Tino, and you believe in the GLD purchasing prowess, then you probably also believe in financial tooth fairies.

4. The Legal Structure of GLD. Who are these guys?

A. There is a Sponsor of the ETF - the World Gold Trust Services, a subsidiary of the World Gold Council in London.

B. There is a Trustee subsidiary that holds title to the bullion and issues shares - The Bank of New York (BK).

C. There is one listed Custodian - HSBC (HBC), and provision for one or dozens of "sub" custodians, Great, if something goes wrong, first you've got to find where which custodian allegedly had it. And while the custodian is charged with a duty of due care in hiring the subs, there's no assurance the subs won't screw up afterwards and there's no real recourse if a sub does. Which brings up...

D. There is a marketing agent, for the shares - State Street Global Agents, a separate creation of State Street Bank (STT) in Boston, but they really don't answer anybody's questions. GLD is considered a "permanent offering" and the aforementioned marketing team can say nothing about anything during a permanent "quiet period." This ETF took two years to get through the SEC...And I'm not sure it didn't get the benefit of grade inflation on the SEC view of crookedness as it went along. "Hey," the SEC said, "This ETF isn't absolutely, totally rotten on its face, let it go through. At least it's not a CDO. Hah, hah."

Each of these outfits have created separate subsidiary corporations to provide more limitation of liability for the parent. There were marvelous waffle words, and exemptions from legal liability for even these subsidiary players in the original S1 prospectus, filed on November 15, 2004. These have been carried forward and even improved upon. See the prospectus.

5. Sub Custodian Shenanigans: Assuming GLD managed to find some gold and buy it, and some sub custodian somewhere got possession of it, there's nothing in the legal structure that prohibits the sub from leasing or even selling that gold and putting an IOU in the vault claiming it still owns it. Central Banks and the IMF have been shuffling these cards for decades.

The Bank of England is listed as a sub custodian. Other sub custodians are the Bank of Nova Scotia (BNS) (ScotiaMocatta), Deutsche Bank AG (DB), JPMorgan Chase Bank (JPM), and UBS AG (UBS) (Page 47). All are known to actively lease or otherwise trade in the gold markets. I.e., I believe that investors should assume that there will be trading or leasing of GLD assets,

When the gold bull market ran out of gas back the early 1980s a lot of allegedly respectable gold dealers who claimed to be storing gold for their customers, fessed up and said they didn't have it, and went broke.

On June 12, 2007, Morgan Stanley announced it had settled a case wherein a Mr. Silberblatt was charged for storage and insurance on silver that Morgan had never bought. And Morgan claimed in its defense that its "practices" were the "industry standard."

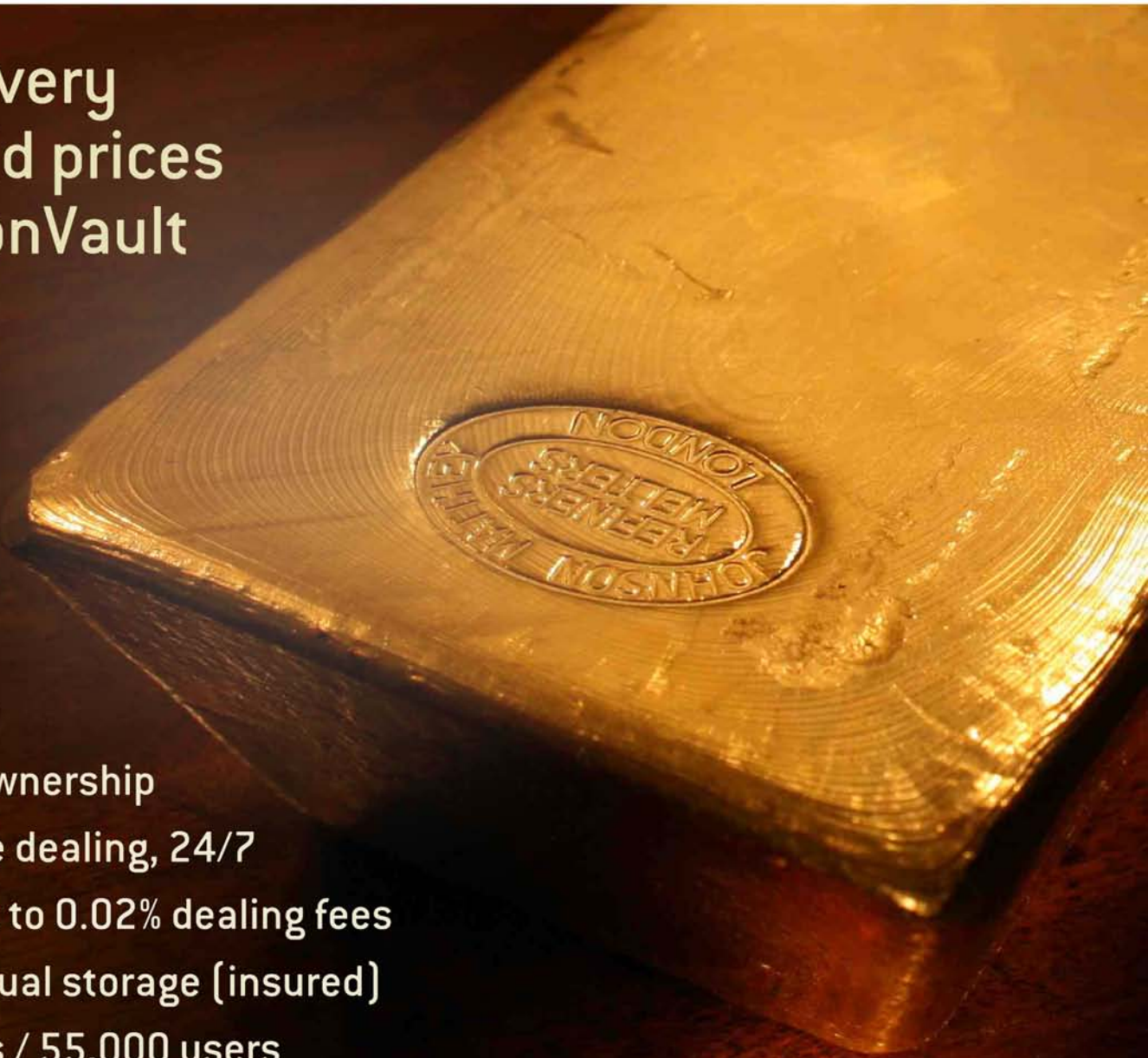
Such disreputable practices occur in most precious metals areas with great regularity. You really ought to consider deep therapy if you believe the promises of a financial institution these days if it's talking about gold. Hell, if it's stonewalled and fibbed to Congress, regulators, auditors and the media about almost everything, why wouldn't it lie about gold? (That's a rhetorical question.)

6. "Regulation" of the ETF: After the Fed's failure to regulate much of anything, the SEC's treatment of Bernie Madoff, and its elimination of leverage maximums for brokers, the NYSE killing of the NYSE Uptick Rule and circuit breakers, and bank regulators' encouragement of cheating at Countrywide, I barely see the point of mentioning regulation. There is NO adult supervision of financial guys. Customers are absolutely on their own.

Oh, ok, the Trustee can monitor the custodian "up to twice" a year (Page 37 of the prospectus). Oh, the ignominy of a visit from an official every six months. And there's no mention of what will happen if an inspecting official finds some wrongdoing. Probably just drop a note in a file. The Trustee apparently does not have the right to visit the premises of any sub custodian for the purposes of examining the actual gold, but only to visit

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to look at records maintained by the sub custodian. And no sub custodian is obligated to cooperate in any such review.

Finally, the prospectus clearly states that the auditor's "responsibility is to express an opinion on the Trust's internal control over financial reporting." Boy, that makes me feel better. Their processes are good.

7. If Things Do Go Wrong: If the Sponsor, Trustee, Custodian, Sub custodian, or Marketing Agent folks fall over, they'll have high priced lawyers defending them everywhere. (Bankruptcy is not a totally unlikely scenario, considering the recent performance of Bear Stearns, AIG, Lehman Brothers, CitiGroup, Fannie Mae, etc.) Well, since the prospectus excuses all sorts of GLD malfeasance, non-feasance, negligence, and probably even manslaughter, customers would - at best - wind up as general creditors of a GLD party. And investors will be far down the list of creditors behind bank lenders, bondholders, preferred shareholders, and common stockholders. Have you considered Lottery tickets for your retirement?

Oh, and there may be a few delays and costs involved... in the bankruptcy filing of a giant financial institution with claimants from all over the planet. And I doubt if specific performance is available to claimants in a bankruptcy proceeding to help people get the actual gold they thought they'd bought. Wasn't gold ownership supposed to be for safety without counter party risk?

And this is an American ETF, yet most of the custodians are British, European, or Canadian. Eh? It will be difficult to sue them in U.S. Courts, and it will be expensive to sue overseas. What, there weren't any suitable sub custodians available in the U.S.? I hear Fort Knox is mostly empty, maybe the ETF could store its alleged gold there.

Also, there is no requirement that the Trustee, Custodian or sub custodians carry insurance or even a surety bond with respect to gold. (Page 11). So even if a liability is found...there probably won't be any deep insurance pocket money.

In summary, the GLD prospectus is a steaming pile of legal loopholes. Only a lazy mutual fund manager or a brain-dead pension fund manager would touch this turkey. It's also likely that retail investors, and their highly compensated advisors, are even remotely aware of the astounding risks declared in the ignored GLD trust documents.

8. There are other GLD critics, besides the Financial Foghorn here, who think that the gold ETF is untrustworthy. Dave Kranzler, from whom much of this dissertation has been respectfully purloined, has obviously analyzed the prospectus carefully and found it wanting.

James Turk, a former money manager for the Saudi Arabian Central Bank, long time precious metals market analyst, and the founder of www.goldMoney.com, has been critical of GLD since it was proposed in 2004. And he recently noted that the August, 2008 GLD updated prospectus, on page 3, says: "Proceeds received by the Trust from the issuance and sale of Baskets consist of gold deposits and, possibly from time to time, cash." A "gold deposit" is a word that has a precise meaning in the law, and is the exact opposite of "bailment".

A bailment is what happens when you give your car to valet parking. When you present the ticket, you get your very own car back. With a "deposit," a bank gives you a certificate of deposit, a checking account statement, a savings book or some other evidence of its debt to you. You are no longer entitled to get your very own dollars back, but have become a depositor and general creditor of the bank. Title/ownership has transferred from you to the bank, and the bank can do whatever it wants with your former dollars.

It is extremely unlikely that a highly paid passel of lawyers that worked over the GLD prospectus would offhandedly put in a word like "deposit" unless there was a good avoidance-of-liability reason to do so. If physical gold were actually in the ETF, the above statement would have read: "Proceeds received by the Trust from the issuance and sale of share baskets consist of gold (or gold bailments) and, possibly from time to time, cash."

Turk's point, and Kranzler's reference, is that "gold" is one thing and a "gold deposit" is something entirely different. "Gold" is physical metal stored/bailed in a secure vault. A "gold deposit" is a liability of a financial institution, and it's just another lousy paper gold IOU. Whoops.

Jim Sinclair has chimed in with his opinion on these issues at www.jsmineset.com. He says that the only thing GLD owns is derivatives on gold, and that allows for much game playing to fool the rubes.

9. But can you actually get real gold from GLD? Yes, Virginia, there is a provision in the prospectus for obtaining possession of the gold bullion your shares

represent. Unfortunately, it's a cruel hoax. You must own a minimum of 100,000 shares (I believe it used to be 50,000 shares under the 2004 prospectus) to claim your bullion. Hmmm, 100,000 times \$90 or so a share would be \$9 million. Think the little guy is gonna put in for any actual gold? Think the mutual fund guy is gonna go to his boss and say he wants to take delivery of 10,000 ounces of gold? That's 833 pounds of gold. "Delivered here?" "Gonna put that in the conference room, Tom?"

10. So why do these gold and silver ETFs even exist?

My belief is that the real purpose of a bullion ETF is to be a sacrificial lamb. The growing number of gold and silver ETFs around the world will indeed accumulate some gold and silver, and under some Executive Order down the road, Da Boyz will swoop down and take it, just like 1933. They'll need the gold to back their spanking new, Global, Electronic, All-Beef currency. An ETF seizure will be much easier than going bank box to bank box to get citizens' gold.

Given the citizens' restiveness these days, it isn't hard to predict that it will be slightly more difficult in the 21st century to convince citizens to turn in gold than it was back in 1933. Our current politicians appear to have dissipated some of the trust people have traditionally had for their elected Representatives. (Insert your favorite, dastardly Congress-person examples here...)

And as far as legalities are concerned, the government will indeed comply with the 5th Amendment Taking-with-Due-Process issue by paying the investors for the value of gold on the day they seized it.

But that will be a far cry from the price of gold the day AFTER they seize it. The day after an ETF seizure, the world will realize that the paper jig is up, and everybody will want to own physical gold, or a real gold mining company. Why not do that now? <http://seekingalpha.com/article/121121-ten-reasons-to-avoid-the-gold-etf>

If you enjoyed this article you will want to check out Mike McGowan's web site at <http://www.financialfoghorn.com> Mike also has a great book out now called the **Financial Foghorn's Guide To Gold**, which is available on Amazon and will be out on Kindle soon. Highly recommended.

Private Venture Gold Stock Exchange

<http://www.pvgse.com>



<http://www.pvgse.com>

...coming soon

INDIA DID NOT IMPORT ANY GOLD IN FEBRUARY!

MUMBAI : India's leading bullion trade body, Bombay Bullion Association on Friday said India, world's largest market for the metal, has not imported any gold so far in February as high prices dampened domestic demand. India, which annually buys 500-700 tones of gold, had imported 23 tones in last February.

Prices in India have hit record highs over the past few weeks, partly reflecting a sharp depreciation in the value of the rupee that has made dollar-priced gold costlier. India's currency, the rupee hit an all-time low of 51 per dollar on Friday, taking losses this year to 4.5 percent. The currency had fallen 19.1 percent in 2008.
Source: Commodity Online

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Is it any wonder our monetary system is in a state of collapse?

Former Assistant Treasury Secretary Gene Godley admitted years ago: "A Federal Reserve Note has no lawful or standard value... Intrinsicly, a Federal Reserve note is only a piece of paper...on which a denomination has been imprinted as a matter of convenience... The denominational indication is only incidental."

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BITCOIN OPEN SOURCE IMPLEMENTATION OF P2P CURRENCY

Posted by Satoshi Nakamoto on the web site <http://www.bitcoin.org>

I've developed a new open source P2P e-cash system called Bitcoin. It's completely decentralized, with no central server or trusted parties, because everything is based on crypto proof instead of trust. Give it a try, or take a look at the screenshots and design paper: Download Bitcoin v0.1 at <http://www.bitcoin.org>

With e-currency based on cryptographic proof, without the need to trust a third party middleman, money can be secure and transactions effortless. One of the fundamental building blocks for such a system is digital signatures. A digital coin contains the public key of its owner. To transfer it, the owner signs the coin together with the public key of the next owner. Anyone can check the signatures to verify the chain of ownership. It works well to secure ownership, but leaves one big problem unsolved: double-spending. Any owner could try to re-spend an already spent coin by signing it again to another owner. The usual solution is for a trusted company with a central database to check for double-spending, but that just gets back to the trust model. In its central position, the company can override the users, and the fees needed to support the company make micropayments impractical.

Bitcoin's solution is to use a peer-to-peer network to check for double-spending. In a nutshell, the network works like a distributed timestamp server, stamping the first transaction to spend a coin. It takes advantage of the nature of information being easy to spread but hard to stifle. For details on how it works, see the design paper at <http://www.bitcoin.org/bitcoin.pdf>

The result is a distributed system with no single point of failure. Users hold the crypto keys to their own money and transact directly with each other, with the help of the P2P network to check for double-spending.



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ON TRANSPARENCY OF THE FED

From Texas Straight Talk a weekly column from Dr.
Ron Paul <http://www.house.gov/>

This week the Federal Reserve responded to the American people's increased concerns over our monetary policy by presenting new initiatives aimed at enhancing the Fed's transparency and accountability. As someone who has called for more openness from the Fed for over 30 years, I was pleased to see the Fed acknowledge the legitimacy of this need.

The Federal Reserve controls the flow of money and credit in our economy because Congress has abdicated its responsibility over the nation's currency. This process therefore occurs centrally, and almost completely outside the system of checks and balances. Because of legal tender laws, people are left with no real choice, except to build their lives and futures around this monopoly currency, vulnerable to powerful central bankers. The Founding Fathers intended only gold and silver to be used as currency, however, inch by inch over the decades, this country has backed away from this important restraint. Our money today has no link whatsoever to gold or silver. For many reasons, this is extremely dangerous, and has a lot to do with the boom and bust cycles that have resulted in the crisis in which we find ourselves today.

The Fed is now pledging to reveal to the public more about its economic predictions, and calls this greater transparency. This is little more than window-dressing, at best, utterly useless at worst. Many analysts, especially those familiar with the Austrian school of economics, saw the current economic crisis coming years ago when the Federal Reserve was still telling the American people their policies were as good as gold. So while it might be nice to know what fantasy-infused outlook the Fed has on the economy, I am much more interested in what they are doing as a result of their faulty, haphazard interpretation of data. For instance, what arrangements do they have with other foreign central banks? What the Fed does on that front could very well affect or undermine foreign policy, or even contribute to starting a war.

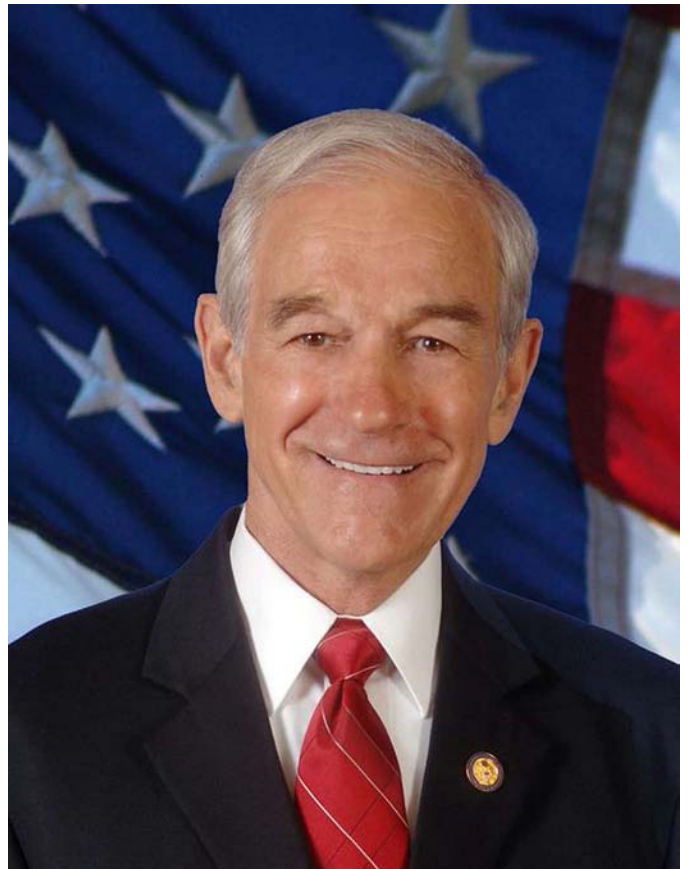
We also need to know the source and destination of funds provided through the Fed's emergency funding facilities. Information such as this will provide a more accurate and complete picture of the true cost of these

endless bailouts and spending packages, and could very likely affect the decisions being made in Congress. But with so much of the Fed's business cloaked in secrecy, these latest initiatives will not even scratch the surface of the Fed's opaque operations. People are demanding answers and explanations for our economic malaise, and we should settle for nothing less than the whole truth on monetary policy.

The first step is to pass legislation I will soon introduce requiring an audit of the Federal Reserve so we can at least get an accurate picture of what is happening with our money. If this audit reveals what I suspect, and Congress has finally had enough, they can also pass my legislation to abolish the Federal Reserve and put control of the economy's lifeblood, the currency, back where it Constitutionally belongs. If Congress refuses to do these two things, the very least they could do is repeal legal tender laws and allow people to choose a different currency in which to operate. If the Fed refuses to open its books to an audit, and Congress refuses to demand this, the people should not be subject to the whims of this secretive and incompetent organization.

Posted by Ron Paul 02-23-2009

http://www.house.gov/htbin/blog_inc?BLOG.tx14_paul.blog.999.All.Item%20not%20found.ID=090223_2687.TEMPLATE=postingdetail.shtml



Anybody Seen Our Gold?



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

Who are we?

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

GOLD ANTI-TRUST ACTION COMMITTEE INC.

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

CPowell@GATA.org

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

GATA

AOCS

AMERICAN OPEN CURRENCY STANDARD



The AOCS is a new organization created in 2008 with the goal of grouping together like minded individuals who desire to further the use of 'real money' instead and in addition to fiat national currency[paper]. Their web site points out to readers some of the most important issues & flaws with the U.S. Dollar and encourages visitors to 'take up' the use of silver AOCS approved Private Voluntary Barter Currency for retail merchant trade and barter transactions.

Let's face it: since the beginning of time, every paper FIAT currency has failed. The Federal Reserve Note, once regarded as the world's "reserve" currency, is dying. While on it's death bed, it robs We The People of our wealth through inflation. No one is going to fix this for you: it's time for you to do something about it. <http://www.opencurrency.com/>

The first line of defense in areas around the United States, or perhaps it should be called AOCS offense, is made up of "Currency Officers". These members help facilitate trade and exchange the AOCS approved currencies with merchants. Today, it seems there are

about two dozen of these officers located in just over a dozen different U.S. States. Here is more information on the AOCS from their web site.

AOCS MISSION

The AOCS exists to expedite the implementation of silver as money. We actively prospect, train, and support the 3 groups that comprise the AOCS: Merchants that accept AOCS Approved Currencies, Currency Issuers that conceptualize & requisition new minted pieces, and Currency Officers that exchange the Currencies with the general public. The AOCS promotes local enterprise, rebuilds local community wealth and creates a profit for you!

CURRENCY

Whether you're bringing new silver to the market or turning your existing bullion into minted rounds, the AOCS will help you establish your brand identity. We'll introduce you to the participating approved Mints that will complete your final product. The AOCS will help build marketing material so that you can put your

best foot forward as you attract Currency Officers and participating Merchants to your system.

To further understand how the silver pieces are valued for daily use please visit their web site.

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

The AOCS currently offers its enthusiastic participants a variety of similar custom AOCS approved silver pieces. All of the round silver medallions featured are privately-minted .999 fine silver currency weighing one Troy ounce. There are currently 7 approved silver medallions on the AOCS web site including the existing Liberty Dollar and the new Free Lakota Bank medallion. Here are the web site links to these silver pieces.

- <http://www.theneocoins.com>
- <http://www.thefreedommint.com>
- <http://www.freelakotabank.com>
- <http://www.dixiedollar.org>
- <http://libertydollar.org>
- <http://www.librecoins.com>
- <http://www.communitydollar.net>

Former Liberty Dollar Regional Currency Officer Mr. Rob Grey is the National Currency Director associated with the AOCS web site. He is also linked to several other new 'Sound Money' active ventures which do business with or through AOCS. (Rob Gray, National Currency Director, (888) 538-9990, rgray@opencurrency.com)

One of the ventures is The Silver Buyer's Club,

<http://www.freemarketmetals.com>

This is a helpful operation for individual silver buyers and a simple way to aggregate multiple small silver purchases for better value. This type of silver buyers club is very common with coin collectors, gold bugs and precious metal enthusiasts. It is a helpful way to save money on regular purchases of bulk silver U.S coins or or privately minted medallions. As with Costco and Sam's Club, buying in bulk can reduce the per unit price of just about anything and precious metal is no exception. Using the club's buying power, orders for AOCS silver rounds are placed direct with the mints and refineries.

HOW ORDERING WORKS?

A Bulk Order for AOCS silver rounds is initiated by a Currency Officer. The Currency Officer is responsible for setting the terms, and premiums along with the closing order date. That same officer determines which pieces will be available in the bulk order and it is his full responsibility to manage and provide services to the participants awaiting delivery of their finished metal

pieces. While pricing on bulk order is generally cheaper than a single coin purchase, the prices will vary based on the market and the total size of the order. The per unit closing price for a bulk order is not determined until the very last moment before the order is placed. Funding for an order may be accomplished through a variety of convenient methods such as PayPal or even cash. If you are interested in learning more or participating in the bulk order process please be sure to check out the terms and details on their web site.

Another venture associated with Rob Grey and AOCS is the Lakota Free Bank.

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

While the silver pieces that are produced and marketed with this venture are really beautiful, there seems to be some real confusion if the web site and business are legally associated with or even linked to the Republic of Lakotah. We have written Rob Grey and asked for clarification on these matters but received no response.

IS IT A LICENSED BANK AND WHAT DOES THE FREE LAKOTA BANK ACTUALLY DO?

Their web site boasts a new standard of value for money and a new system of banking. It is hailed as the "world's first non-reserve, non-fractional bank". They claim to only accept silver and gold for deposit. Here is some additional text from the web site.

A NEW STANDARD OF VALUE & A NEW SYSTEM OF BANKING

At the Free Lakota Bank, we issue, circulate and accept for deposit only AOCS-Approved silver and gold currencies. Silver & gold are a store of value, an equivalent of wealth produced. Paper is a mortgage on wealth that does not exist, backed by a gun aimed at those who are expected to produce it. Since we deal only in real money, we do not participate in any central bank looting schemes.

Money is made possible only by those who produce. Paper is not money, instead merely a promise to pay. We hope that some day the rest of the world will awaken from the American Dream: the dream that a person can sustain life by consuming more than producing. We call it the American Dream because you must be asleep to believe it. Well, that dream now has a silver lining; as people discover the dream is really a nightmare, the only solution is a return to value: value that comes from production and honest trade.

A super sized pr effort put the Free Lakota Bank front and center with a press release dated 11/24/2008:

"In a stunning development, the Free & Independent People of Lakota announced today the introduction of the world's first non-reserve, non-fractional bank that accepts only silver and gold currencies for deposit. 'Today is a great day for us, a day that we begin to exercise our rights as a sovereign people with strength and pride,' comments Canupa Gluha Mani, Tetuwan Council Judicial Member of the Cante Tenza 'Strong Heart' Warrior Society. Mani's 2500 member warrior society has contracted to provide private security services for the Free Lakota Bank. 'We invite people of any creed, faith or heritage to unite in an effort to reclaim control of wealth. It is our hope that other tribal nations and American citizens recognize the importance of silver and gold as currency and decide to mirror our system of honest trade.' Mani, also known as Duane Martin Sr, is a member of the delegation that declared Lakota independence on December 17th, 2007. The launch of the Free Lakota Bank is also an incredible victory for StrikeForce Technologies, the access control experts providing depositor Out-of-Band Authentication. As the Free Lakota Bank does not require a name, photo identification or social security number to transact, StrikeForce's technology met the challenge of limiting fraud without requiring controversial biometric technology. The People of Lakota invite depositors to establish accounts and invest in the Free Lakota Bank's General Investment Fund, the fund it uses to develop profitable free-market enterprise inside Lakota territory. Mani comments that the nation despises donations and charity, and instead insists instead on 'earning our wealth by creating value for those that place their faith and trust in our system.'"

However, despite the pr efforts and even as the web site is encouraging visitors that doing business with the FreeLakotaBank will contribute to Lakota Prosperity, we could not find any authentic arrangement between the bank and the actual Republic of Lakotah. In fact it was just the opposite, the freedom loving Lakotah from the Sioux Indian reservations of Nebraska, North Dakota, South Dakota and Montana had this statement on their web site.

<http://www.republicoflakotah.com/?p=421>

The Republic of Lakotah is in NO WAY associated with this new "freelakotabank." Caveat Emptor!

The freelakotabank web site offers a lot of general information on sound money banking and other promotional text such as the reasoning why a person with moral integrity and character may deserve a loan from the bank. The text states that 'currency', which is understood to mean actual silver or gold rounds, may be shipped directly from the bank or issued by an AOCS Officer. However, other than offering the claim that "...any and all withdraws[withdrawals] from the Free Lakota Bank will be issued in AOCS-Approved currency", no additional detailed information, links or disclosures are present which may clarify any relationship between the bank and the AOCS.

Loans, investments, interest and rates of return fund (7.24%) are all explained from their simple web site template. But let's be honest here, this is NOT a licensed bank it is a web site. This is a very unprofessional attempt at giving silver and honest money wider exposure.

We are of the opinion that the overall movement which will bring silver and gold back into mainstream U.S. commerce is much better served by the legal presentation of honest money legislation such as **Indiana Bill SB 453**[1] and the **Colorado House Bill 09-1206**[2] which is almost a mirror of the Indiana document. Both of these bills are based on details crafted by the well known Constitutional Scholar Dr. Edwin Veira who created the original document back in 2003-2005 entitled the **GoldMoneyBill** which was presented in New Hampshire.

Several other states are following this lead and this **Washington State H-1127.1**[3], **Missouri House Bill #561**[4], **Georgia HB 430 - Constitutional Tender Act**[5], **Maryland's House Joint Resolution 5 HJR5**[6]) The movement to bring back honest money will start from the ground up on a state or local level.

We are of the opinion, that creating alternative silver & gold products both physical and digital that may at least partially move consumers away from personal borrowing and a life time of debt is an excellent idea. For these actions a certain wide praise should be given to the AOCS and all their participants. However, we can't get on board with any homemade banks so it is our recommendation to add the Lakota Silver medallions to your collection and all of the other fine AOCS silver... but stay away from the LakotaFreeBank.

If you have authentic stories of using gold or silver in daily life we encourage you to send them to us at editor@dgcmagazine.com Our best wishes go out to Mr. Rob Grey on his ventures and we look to the

coming years for a chance to interview him and detail his success.

The author has contacted Rob Grey for further information on all these new web businesses and even included a 50 question e-mail interview. However, Mr. Grey did not return the Q&A or respond to the inquiry.

The author of this article is in complete agreement with our friends at Nolan Chart, that the Lakota Nation is legitimate

<http://www.nolanchart.com/article1122.html>

We support the Republic of Lakota.

<http://www.lakotaoyate.org/history.html>

The GoldMoneyBill

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

[1] Indiana Bill SB 453

<http://indianahonestmoney.com/>

[2] Colorado House Bill 09-1206

http://www.leg.state.co.us/Clitics/CLICS2009A/csl.nsf/fsbillcont3/107A082F6E9A3E098725753E005BDC18?Open&file=1206_01.pdf

[3] Washington State H-1127.1

<http://apps.leg.wa.gov/documents/billdocs/2009-10/Pdf/Bills/House%20Joint%20Memorials/4010-Inflation%20by%20federal%20reserve.pdf>

[4] Missouri House Bill #561

<http://www.house.mo.gov/billtracking/bills091/billpdf/intro/HB0561I.PDF>

[5] Georgia HB 430 - Constitutional Tender Act

http://www.legis.state.ga.us/legis/2009_10/sum/hb430.htm

[6] Maryland's House Joint Resolution 5 HJR5

<http://mlis.state.md.us/2009rs/bills/hj/hj0005f.pdf>

WEBMONEY PASSES 7 MILLION ACCOUNTS!

Webmoney Transfer is reporting that the company now has more than 7 million customer accounts. The volume of transaction has also increased. As of February 15, the number of transactions for 2008 has reached over 72,3 million.

For over a decade, Webmoney Transfer has been a global leader in the digital currency online payments arena. The company's payment service offers electronic wallets in multiple currencies including gold bullion.

On the 31st March & 1st April Webmoney is co-sponsoring the twelfth annual Digital Money Forum for the second year in a row.

Their new European regulate financial product is called WM notes and we recommend to readers to get involved with this new method of payment. That web site is <http://www.webmoney.eu> and the primary agent for the products is <http://www.exchange.lv>

This product is acceptable for all European countries and one of the most convenient online methods of payment ever created.

<http://www.wmtransfer.com>

<http://www.webmoney.ru>



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.

Offering the very finest in military-grade VPN services and Location-Agnostic Servers (LAS). Further innovative, new services will follow.

e-mail info@cryptohippie.com

<http://www.cryptohippie.com>

2008 CONSPIRACY HUNT RESULTS AKA THE TRUTH ISN'T THAT HARD TO FIND, IF YOU TRY!

AFTER ALL, IF THESE GUYS COULD DO IT...

Okay, you can calm down – we're not saying that these conspiracy theories are true. What we are saying is that once you stop trying to be a good little girl or boy and to obey teacher at all times, all sorts of interesting ideas come out to play. The crazies get to play with them first because no one else tries.

Societies are very restrictive things and they tend to smother new or different thinking. It's usually so hard to break through the web of expectations, rewards and punishments in a modern society that it's mostly some rather 'tweaked' folks who make it out. So, while we're having some fun with their strange ideas, understand that they have also done some difficult things.

Do you think it's easy to stand alone and let the world ridicule you? Try it some time, if you think you've got guts.

But notice that once they do get out, the tweaked folks play with interesting ideas and they tend to be very productive. These guys write books, for goodness sake. Have you ever written a book? Let me tell you, it isn't easy. And these guys write bunches of them. You see, once you rip yourself out of the homogenized crowd, you free yourself from their restrictions... and activate yourself in interesting ways.

Most people are looking for excuses to believe in the status quo. It's easier. Or, rather, it would be, if change wasn't going to slap you in the face anyway. The crazies have broken out of the mass, which makes them erratic, but interesting and productive.

Now, all of this is not to say that you should follow the crazies. They promote some very questionable ideas, which are probably a waste of your time for anything more than entertainment. But, as we'll point out a number of times here, they also come upon some solid ideas. They generally don't handle them very well, but they do find them.

One thing, for which crazies deserve criticism, is that they use their new ideas to manipulate people. At some point in most people's lives – usually when they're fairly young – they have a moment when they look for something more than a "same old, same old" type of

life. Many of these folks do the silly thing and emulate 'celebrities,' who, they think, live a bigger life. Some, however, look farther than that and consider actual ideas. Unfortunately, the crazies are often waiting for them.

There's nothing wrong with having a wild new idea, provided that you use it honestly. Some of the crazies, however, will tell you how messed-up the world is (and maybe how messed-up you are), then give you only one way out of the mess: Their gigantic new theory. That's dishonest and manipulative.

It's tough to navigate your way through life. In fact, it's downright confusing. Most of us try not to admit it when we're confused (which is a lot), but that just makes things harder. Pretending generally causes more harm than it does good.

It would be a lot better for all involved if the people who come upon new ideas would just explain them and tell you how they think people should behave... and then let you work out the details for yourself.

After all, if you just follow them – or anyone, for that matter – aren't you still nothing but a follower?

But, since the crazies so seldom divide between the true and the questionable, that job falls to others... like us!



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OHIO HONEST MONEY BILL COMING SOON...

The good people of Ohio are now gathering steam to present their version of honest money legislation very similar to Indiana and Colorado. You can sign the petition and learn more from their web site, <http://honestmoney.ohiofreedom.com/wordpress/the-bill/>

Here is a quick summary of the coming Ohio Honest Money Act.

The Honest Money Act would initially require tobacco suppliers, and/or others of the so-called "sin" industries (liquor, casinos, etc.), to pay their state fees and taxes in Honest Money (gold and/or silver coin or in the digital equivalent). This would supply our state treasury with the needed specie (funding in coin) or the digital equivalent of funds to assure that our state would not need to earmark or provide any other separate funds. Once the Honest Money model is up and running, other businesses and citizens, so inclined, would also be encouraged, on a volunteer basis, to use this system for payments to or from your state.

The Honest Money system is voluntary for citizens, but mandatory for the industries indicated above. A citizen or other business could participate in the Honest Money system, and would not be tied to using the system for all transactions with the state, but at a level and frequency each could determine for themselves. The Honest Money system can function as both a one-way system or a two-way system depending on the citizen's or non-mandatory business's wishes. Each could just receive Honest Money from the state as a receivable system or use it for paying obligations to the state or a combination of both. If one worked for the state he/she could receive their weekly /monthly pay as Honest Money, in total, or as just a portion.

The Honest Money system is a way of providing people and businesses with an alternative to use Federal Reserve notes (FRNs) for business or private transactions. Honest money is considered money based on "true value" as opposed to FRNs which are actually "debt" instruments. The Honest Money Bill would help provide states a stable and inflation proof money system that is also protection from economic calamity. It also allows our state to start conforming to the constitution which the states are obligated to

support.

The Honest Money Bill, which is adaptable for any of the 50 states, was written by the very well known constitutional scholar and practicing constitutional lawyer Dr. Edwin Vieira, Jr. who has numerous wins in the Supreme Court on constitutional issues. The Honest Money Bill was researched extensively over many years and written to conform specifically with the United States constitution.

The Honest Money Bill was modified (the addition of a digital component for ease of use) since it was originally introduced into the New Hampshire legislature back in 2004. This addition will make it easier for people to use Honest Money on a day to day basis. The previous problem of having to use unwieldy coins in transactions was solved by the use a digital equivalent. There are compatible systems already in place that deal in the transfer of digital gold and silver and these systems would be compatible with The Honest Money Bill. Some of the existing systems that might be considered to serve as the interface with the states are: c-gold, e-gold, goldmoney.com, GoldExchange, CrowneGold, Liberty Reserve, Pecunix, London Gol Exchange, etc. Each state would choose one or a combination to serve as its interface(s) based on pedigree, reputation, reliability, and scalability.

One electronic system, for example, uses both gold and silver that is insured by Lloyd's of London and stored in secured, monitored and audited vaults, and can be transferred digitally to anyone with an account such as the one set up and utilized by our state. The monthly storage and transfer fees are reasonable for this secure, digital delivery system. Our state would simply set up an account and a citizen or vendor would do the same and use the account to either pay or receive digital Gold or Silver (or actual coins at your state treasury). Some of the interfaces have accounts with bullion suppliers which allows citizens to actually convert account assets into physical Gold or Silver and have it sent directly to them.

Think of The Honest Money Bill as an insurance policy for our state. If our current monetary system fails, then our state will have a system up and running to help businesses and people function with minimal interruption. Besides, as mentioned above, our state will, finally, again be in full compliance with the constitution of the United States of America, "No state shall...make any thing but gold and silver coin a tender in payment of debts..." Article 1, Section 10.



Don't miss another exciting Digital Money Forum. Just as the previous year the event is being co-sponsored by the good people at Webmoney Transfer, the VISA corporation and several other related companies.

The goal of the Forum is to encourage discussion and debate around the real issues at the heart of electronic money in all its forms. In addition to this Forum, every autumn Consult Hyperion also organizes the annual Digital Identity Forum (see the web site at www.digitalidforum.com for more details), the sister event to the Digital Money Forum.

As usual the number of delegates is limited to 100 registrations per day. Speaking engagements include:

- ***Virtual Money vs. Hyper Money -- Dave Birch, Consult Hyperion***
- ***Tom Paine and Digital Money -- Oliver Dudok v. Heel, Lewes Pound***
- ***Mobile Making a Difference -- Alastair Lukies, Monetise***
- ***The Social Life of Money -- Bruce Davis, Ethnographer***

An early bird discount is available for payment received before the 6th February 2009.

Two Days
£399 + VAT

After this date the cost of attending the forum will be:

One Day
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These prices include a three course lunch, refreshments throughout the day, and attendance at the Digital Money Mastermind taking place at the end of day one. Don't miss out.

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--Peter Hallock, ChambersburgLibertyDollar.com

THE LIBERTY DOLLAR REINVENTS ITSELF WITH SOME GREAT NEWS & BIG CHANGES

Liberty Dollar CEO Mr. Dan Priest, had some stunning good news this month in the “Liberty Dollars News”. Special thanks to Peter Hallock for the information.

LIBERTY DOLLAR NEWS - February 23, 2009

Unknown to most, a core group of very dedicated Liberty Dollar activists have been hard at work to reinvent the Liberty Dollar with “bullion pricing” that will greatly reduce prices and put more silver and profits in your pocket! Plus with the new Merchant Account you can now order with your bank card online!

The new “bullion pricing” program has FREE and rapid shipping of your orders, greater profits and is a tremendous boost to our efforts to safeguard Americans from the ravages of hyperinflation. WOW! I hope you enjoy this long-awaited announcement as much as we are pleased to finally make it. Special thanks to those who made the “bullion pricing” possible.

LIBERTY DOLLAR INTRODUCES BULLION PRICING!

The Liberty Dollar is pleased to announce a new bullion pricing model for the \$20 Silver Liberty to revolutionize the private voluntary barter currency (PVBC).

The new “bullion pricing” for the 2009 Silver Liberty \$20 is based on the spot metal price plus a small premium for minting so it is less expensive and you make more money using it for \$20! This is a huge difference from the earlier “currency pricing” based on the face value that was more expensive.

The Liberty Dollar invites you to take the “Silver Challenge” and compare the \$20 Silver Liberty to the US Mint’s \$1 Silver Eagle and the generic Silver Round without a face value. You can decide which

one will benefit you the most. All three items contain one Troy ounce of .999 fine silver.

Now the new bullion pricing for the Liberty Dollar affords everyone the opportunity to protect your purchasing power, family, and America with the Liberty Dollar and profit from the current uncertain times... before the monetary problems become more serious.

CHANGES FOR LIBERTY ASSOCIATE & RCO PROGRAMS

The Liberty Associate program has been dissolved to remove barriers from using the Liberty Dollar. Everyone is encouraged to use the volume based bullion pricing to get as many Silver Libertys as possible with the maximum discount and distribute them to your family and friends at a profit to reward yourself for your activism and time. The RCO Program has been modified into a national distribution network. The advantages of being a RCO are:

- 1) Participate in “Bulk Orders” with fellow RCOs for greater discounts.**
- 2) Participate in the exclusive RCO user group and conference calls for added business advantages.**
- 3) Participate in the “Naked Back” Silver Liberty program that facilitates RCOs to customize their issues with the name or logo of their region, business or entity.**
- 4) Receive a custom punch that RCOs hand stamp on the “Naked Back” Silver Libertys. Annual fee to participate is \$1000.**

All current RCOs are RCOs without any additional fee until January 1, 2010.

ALEX ZORACH'S MERIT EXCHANGE GOES LIVE

As of February the Merit Exchange web site was open for testing. The Exchange is a sort of a online platform and money system which uses as currency an electronic unit known as the 'Merit'.

How do Merits Work?

Members who have a positive balance can transfer units to other members and any time. The balance on an account can never be negative, borrowing and lending is not permitted. Merits are not redeemable by any central authority into dollars, real good or services. The merit should not be considered as 'issued and outstanding' the unit is only a bookkeeping entry and not a liability for some parent corporation.

How are merits issued?

Merits are issued directly to all members on a per-head basis. Merit Exchange uses a demurrage fee or holding fee on unused merits. The supply of merits is expanded and contracted as needed by varying the fee and rate of issuing to people. In the short-term, most users will see only negligible changes in their balance due to the fee and issuing scheme. In the long-run, however, this scheme will prevent hoarding of merits and ensure all communities have equal access to the currency.

Like a floating national currency, merits do not have a fixed value; they are not anchored in value to some other currency or measure of value. Rather, their value is determined by the collective behavior and decisions of all people who use them. The value of merits takes form as people set and negotiate prices, trade goods and services in a free market, and think critically about how much things are worth to them and how much they can afford to pay. Like money, the prices and value of goods and services in merits will vary regionally and even from one person to another.

I'm looking for input on how the Merit Exchange can be used in everyday life....visit the Merit Exchange (<http://meritexchange.com/>) and share your thoughts with us.

Mark editor@dgc magazine.com

HOW DOES THE FBI VIEW E-BULLION'S BUSINESS MODEL....A DGC, A PONZI? TAKE A LOOK

In an LA Times article dating back to August 2008 when the case first started Mark Aveis, an assistant U.S. attorney on this case "characterized Fayed's business operations during 2005 and 2006 as ponzi schemes in which individuals invested up to \$20 million."

<http://articles.latimes.com/2008/aug/05/local/merit-city5>

From my point of view, it is interesting to see that the government's prosecution is based on the determination that several independent transactions in both national currency and digital currency count as one continuous money transmitting transaction. I assume that the basis for this legal sandwich comes from the fact that e-bullion funds were collected in Goldfinger bank accounts. In other words you sent in a wire of 10k USD to Goldfinger for the purchase of e-bullion gold. Two days later that gold balance now appeared in your e-bullion account. On the third day, you separately log into your digital currency account and sent some gold to your favorite HYIP, perhaps all 10K perhaps less.

The government is saying the receipt of the wires and movement of gold from one e-bullion account to the other[the hyip] is 'money transmitting' and not e-bullion gold account funding, it seems they have sandwiched all the activity as one transaction. On the other hand through my rose colored shades the transactions might have looked at it like this "I funded my e-bullion online digital currency account, then I decided to send some gold here. Then a few days or weeks later decide to spend some here. Multiple unrelated transactions in digital gold."

I would have been wrong in my assumption.

Comments welcome.

From court documents posted by Ian Lamont of TheStandard, we now see just how the FBI viewed the e-bullion operation. Here is the sworn declaration of a special agent on the case.

DECLARATION OF MAURA KELLEY (FBI SPECIAL AGENT)

I am a Special Agent ("SA") with the Federal Bureau of Investigation ("FBI"), assigned to the Los Angeles FBI Field Division,



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Ventura Resident Agency, and have been so employed since 1984. During the course of my employment as an FBI SA, I have been involved in dozens of investigations of violations of federal law including bank fraud, wire fraud and money laundering based on evidence of a variety of fraudulent schemes including "Ponzi" schemes, where earlier victims are paid off with newer victims' contributions, and various so-called "prime bank" or "high yield" investment scams where unrealistically high rates of returns are promised but not provided. I make this declaration in support of the government's response to the Goldfinger Coin & Bullion ("GCB") renewed motion for return of property.

For several year prior to the indictment in this case, I was involved in an FBI investigation into several "Ponzi" schemes. The investigation revealed that scheme operators directed their victims to open online "e-Bullion" accounts in order to transfer victims' "investment" funds to the scheme. In order to effect the transfers, numerous victims opened online e-Bullion accounts. I reviewed e-Bullion's online agreement which I saw both online and in the form of documents provided by victims, which provided, among other things, that account holders could wire their funds to e-Bullion and direct that the funds be used to either buy precious metals or "e-currency." True and correct copies excerpts of e-Bullion wiring instructions are attached hereto as part of Exhibits 1-3.

Based upon victim's statements, documents provided by victims, and an analysis of GCB bank account records, I determined that GCB would hold an account holder's transfer in either precious metals or cash (in a GCB bank account or vault) until such time as the account holder directed that the asset be transmitted or withdrawn. E-bullion customers could also deposit their cash at the bank utilized by GCB or mail their funds in the form of money orders or other cash equivalents to GCB in Camarillo. For its money transmitting service, e-Bullion received a fee based on a percentage of the funds transmitted to the Ponzi scheme operators.

As to the two primary Ponzi schemes that were investigated ("Kum Ventures" and "Solid

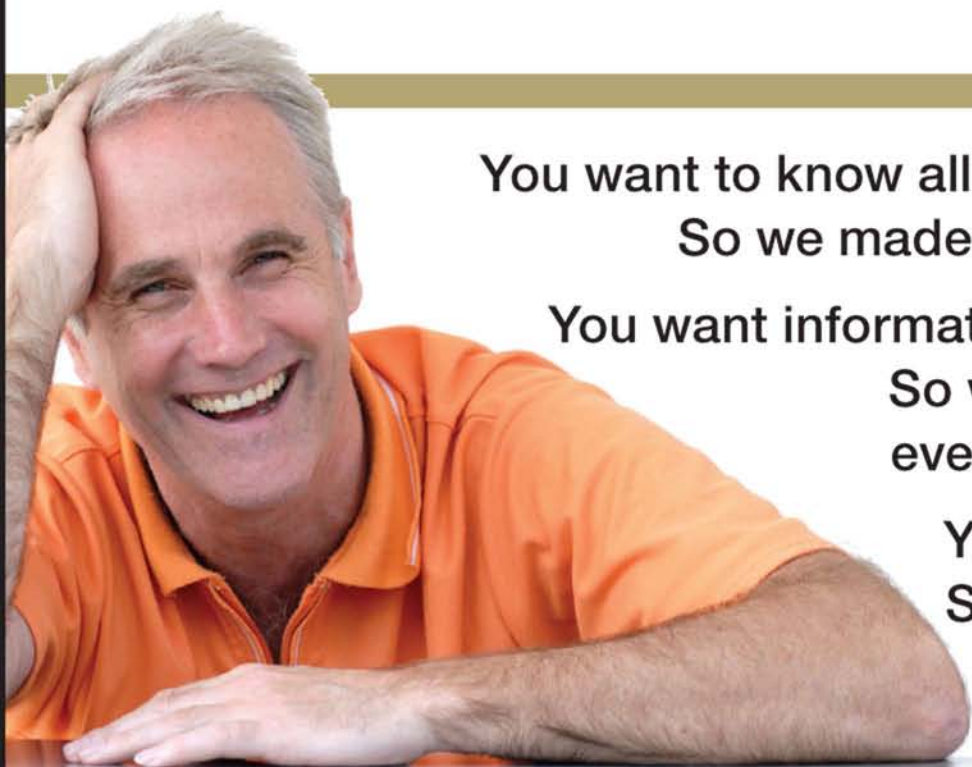
Investments"), I determined that the Ponzi victims purchased "e-currency" through the e-Bullion website with the intent that their funds be transmitted immediately to the Ponzi scheme operators. I and other investigators traced Ponzi scheme victims' funds from their point of origin, namely, the victims' bank accounts, to GCB, and then to Ponzi operators. The tracing began with the wire transfers from the victims' bank accounts. Victims' funds did not go anywhere online or to a bank account in the name of e-Bullion. Rather, the bulk of the funds went to the bank account in the name of GCB at a Bank of America branch in Camarillo, California where the incoming funds from all e-Bullion account holder were commingled. From this Bank of America account, funds were transferred into other GCB accounts. From there victims' funds, less a percentage fee taken by GCB, were transmitted to the Ponzi scheme operators who themselves were e-Bullion account holders.

<http://www.scribd.com/doc/12338986/FBI-declaration-in-eBullion-court-case-filed-February-2009>

ARTICLE BY MARK HERPEL



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REMEMBER OSGold?

Last week David was finally arrested. The press release is below. Looking back to early 2001 and this 8 year old announcement from the e-gold list, it looks like the smart minds at e-gold Ltd, had sounded the alarm long before any OS trouble started.

[e-gold-list] Public Announcement regarding OSGold links

Reid Jackson-EG

Thu, 10 May 2001 08:49:26 -0700

We do not wish to be associated, even indirectly, with osgold.com; therefore, we have removed all links from the e-gold website to websites that link or make reference to osgold.com.

Reid Jackson

Managing Director

Gold & Silver Reserve, Inc.

<http://www.mail-archive.com/e-gold-list@talk.e-gold.com/msg04043.html>

ARREST IN MULTIMILLION-DOLLAR INTERNET "GOLD-UNIT" PONZI SCHEME

United States Attorney Southern District of New York

FEBRUARY 24, 2009

Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today the arrest and indictment of DAVID COPELAND REED on charges stemming from the operation of an international, Internet-based, "gold unit" Ponzi scheme. According to the Indictment unsealed today in Manhattan federal court: In March 2001 REED founded OSGold, which held itself out as an on-line "bank" that could provide its customers with Internet banking services purportedly backed in part by gold bullion reserves stored in an off-shore vault. Customers opened accounts with OSGold by wire-transferring money through intermediaries to bank accounts controlled by REED and others, and were able to track their supposed OSGold account balances through the OSGold website. Around May 2001 REED began offering OSGold customers the opportunity to invest in a "high yield investment program" known as "OSOpps" which, according to the OSOpps website, promised a 30% compounded return over three months, or a 45% rate of return for investments left for 12 months, and that an investor's principal was fully guaranteed.

Investment returns from OSOpps were supposedly transferred into the investor's OSGold account and OSOpps investors could purportedly access their OSGold accounts on-line and view the apparent returns they received from their OSOpps investments.

REED represented that the OSOpps investments could achieve the advertised high returns because the investors' money was traded in foreign exchange markets.

Between March 2001, when REED started OSGold, and June 2002, when OSGold ceased operations, customers throughout the world opened an estimated 66,000 accounts with OSGold/OSOpps, transferring a total of at least approximately \$12.8 million to three bank accounts controlled by REED and his associates. For the first few months of its operation, OSGold appeared to operate reliably and developed a reputation as a secure way to engage in Internet banking while OSOpps provided investors with online statements purporting to show promised rates of return on investments.

In fact, neither REED nor anyone else at OSOpps engaged in any foreign exchange trading with the funds customers had invested. Instead, REED and his co-conspirators laundered the customers' funds through numerous bank accounts controlled by REED and/or his associates in the United States, Mexico, and Latvia, and elsewhere; and withdrew customers' funds via cash withdrawals and/or checks made out to cash. The funds were then employed for personal expenses of REED and his associates, including, for example, airplane tickets for REED and his family to travel to Mexico; vehicles for the use of REED and his associates; and businesses belonging to REED and his associates in the Cancun, Mexico, area, including a night club, a shopping mall, and a gymnasium. To deceive his customers, REED, or employees working at his direction, manually altered

OSOpps account statements in order to make it appear to customers that they were receiving the advertised investment returns.

The scheme began to unravel in around March 2002 when an OSOpps investor unsuccessfully attempted to withdraw approximately \$10 million from OSOpps accounts. Following complaints by this investor, other customers attempted to withdraw their money from OSGold and OSOpps. In response to inquiries, REED and employees working at his direction sent lulling e-mails that falsely indicated, among other things, that there were technical problems with regard to accessing OSGold/OSOpps monies and that the problems were being addressed.

OSGold and OSOpps ultimately ceased operations in or about June 2002 and REED fled the United States for Mexico. Prior to their departure, REED and his wife withdrew large amounts of cash from the various accounts he controlled which he then secreted (among other ways) in duffel bags and clothing in order to transport that cash to Mexico.

Millions of dollars of the investors' and depositors' money, including principal, have never been returned. No gold bullion reserves associated with OSGold have been located.

REED, 38, was arrested this morning in Columbia, South Carolina, where he moved recently after having lived in Mexico for years. REED is charged with conspiracy to commit money laundering and wire fraud. If convicted, the defendant faces a maximum sentence of 40 years' imprisonment. This case has been assigned to United States District Judge JOHN G. KOELTL. REED will be presented later today in Columbia, South Carolina.

Mr. DASSIN praised the investigative work of the FBI in this case. Mr. DASSIN said the investigation is continuing.

This investigation is being handled by the Computer Hacking & Intellectual Property group of the Major Crimes Unit of the United States Attorney's Office. Assistant United States Attorneys ROSEMARY NIDIRY and MARCUS A. ASNER are in charge of the prosecution.

The charges contained in the Indictment are merely accusations and the defendant is presumed innocent unless and until proven guilty.

<http://newyork.fbi.gov/dojpressrel/pressrel09/nyfo022409a.htm>

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