

# DDGC

# STANDING AT THE DIGITAL CROSSROADS

PAGE 8





Digital Gold Currency  
Magazine

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DGC Magazine is committed to expanding the legal use of digital gold currency around the world. Slowly, legally and ethically we are trying to move digital gold currency and sound money forward into everyday business.

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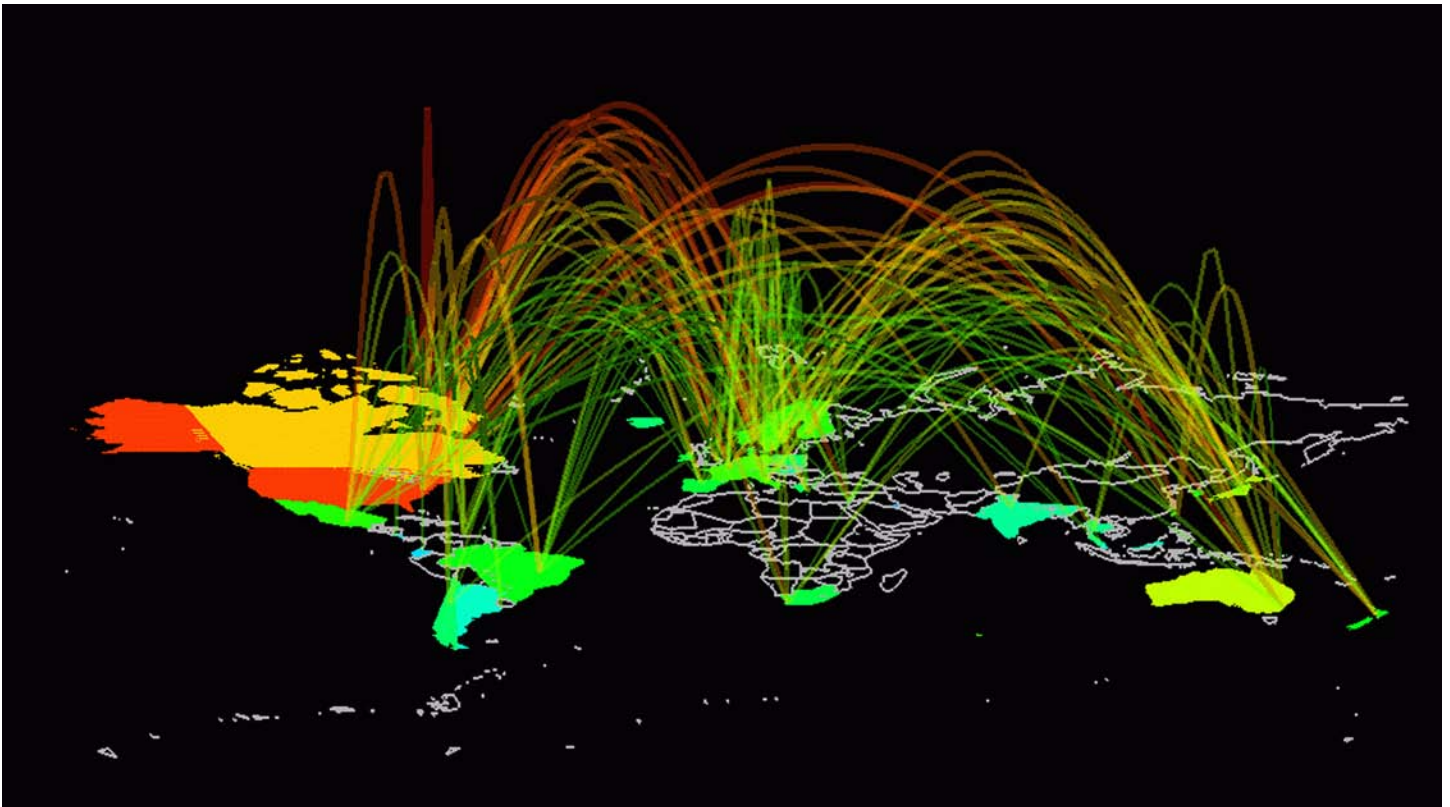
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# Infrastructure Report

by Paul Rosenberg

All digital currencies require the Internet as a communications means. That makes it hyper-important to us. No Internet, no DGCs – it's as simple as that. So, I think it's a good idea to take a look at the state of the Internet from time to time.



Here is my brief report:

**Physical infrastructure:** The physical components of the Internet seem to be doing fine. Not many fiber cables have been laid recently, but a sufficient number seem to exist and traffic runs quite well in most places on most days. Local infrastructure keeps getting better and better. We're still waiting for the last link to change over to fiber, but that may still be some way off.

**Software infrastructure:** The border gateway protocol (BGP) software that connects the Internet's 3,000 or so networks (each called an *autonomous system* or *AS*) is pretty much the same as it has always been, and allows the Internet to work quite well most of the time, as it always has. The real threat to this system is from governments (politicians and intelligence bureaus), who want

to force everyone to use a key-based protocol (called BGPsec) that can disconnect any AS by disabling their key. The keys, of course, are scheduled to be held by the NSA. The politicians like this because it helps them protect the monopolies of their copyright clients and the intel crowd likes it because it gives them maximum control. Civil libertarians like myself see it as outright tyranny. This plan (and others like it) have not succeeded thus far, but these guys just keep on trying.

**Cyber-criminals:** Internet crooks are getting worse. Organized criminal enterprises are surveilling from multiple sites, cross-linking data, producing highly accurate datasets, draining ever-more bank accounts, making fortunes on commercial espionage (how much could you make if you knew of new regulations before they hit, earnings reports before they were released, and so on) and causing general mayhem. And since most people don't want to think about threats, the damage goes on and on. Ah well.

**State surveillance:** This is fully out of control. The cyber-war and cyber-terror memes are being promoted by a huge number of private contractors who are rushing into the capital cities of the world, hiring lobbyists and other 'friends.' They are working politicians for money and journalists to promote scary stories. A lot of the companies are staffed with ex-military and ex-intel officers. In addition, states are looking at putting up "national firewalls" and restricting communication with other countries. (For your safety, of course!)

Let me interject this on the cyber-terror theme: Connecting any type of critical

system directly to the Internet is nuts. It's like posting your bank statement and your security system blueprint in your front window. Isolation technology is cheap and easy. Anyone who connects a water system or a power grid to the Internet is being woefully irresponsible. There *are* bad guys out there.

**Police surveillance:** This is the big new area. At a recent trade show, one company was advertising "surveillance that fits in your backpack" to *police departments*. Their ad concluded with: "Controlling hundreds of probes is now as easy as controlling just one." Surveillance is coming to Barney Fife's angry brother.

#### FINAL WORDS

Everyone in the DGC business needs to invest in data protection... in *quality* data protection. That means you **and your customers**. If not, the damage will keep increasing.

Pretty soon, you'll need to get started with darknets. That's just the way things are.

DGCs are a transformative technology, but if they have no safe, available infrastructure, they won't fly.

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Paul is the author of  
A Lodging of Wayfaring Men,  
Production Versus Plunder  
and other books.

You can find them at  
<http://ascolibooks.com/bookstore/>

## **CFTC'S EVASION AFTER 3 YEARS INVESTIGATING SILVER IS ANSWER ENOUGH**



Dear Friend of GATA and Gold (and Silver):

Under renewed pressure by Commissioner Bart Chilton to account for itself, the U.S. Commodity Futures Trading Commission today issued a statement about its 3-year-old investigation of manipulation of the silver market, asserting only that the investigation continues.

Those who have been taking the CFTC investigation seriously may wax indignant over the delay in resolution. But the delay speaks for itself, and eloquently: Thanks to the complaint about market rigging by London silver trader Andrew Maguire and GATA's publicizing it at the CFTC's March 25, 2010, hearing and agitating about it afterward, the CFTC has probably realized that the rigging of the silver market is, like the rigging of the gold market, a U.S. Government operation conducted through intermediaries, primary dealers in U.S. Government securities, and thus can't be examined in public without crashing the operation and impugning the whole government of which the CFTC is a part.

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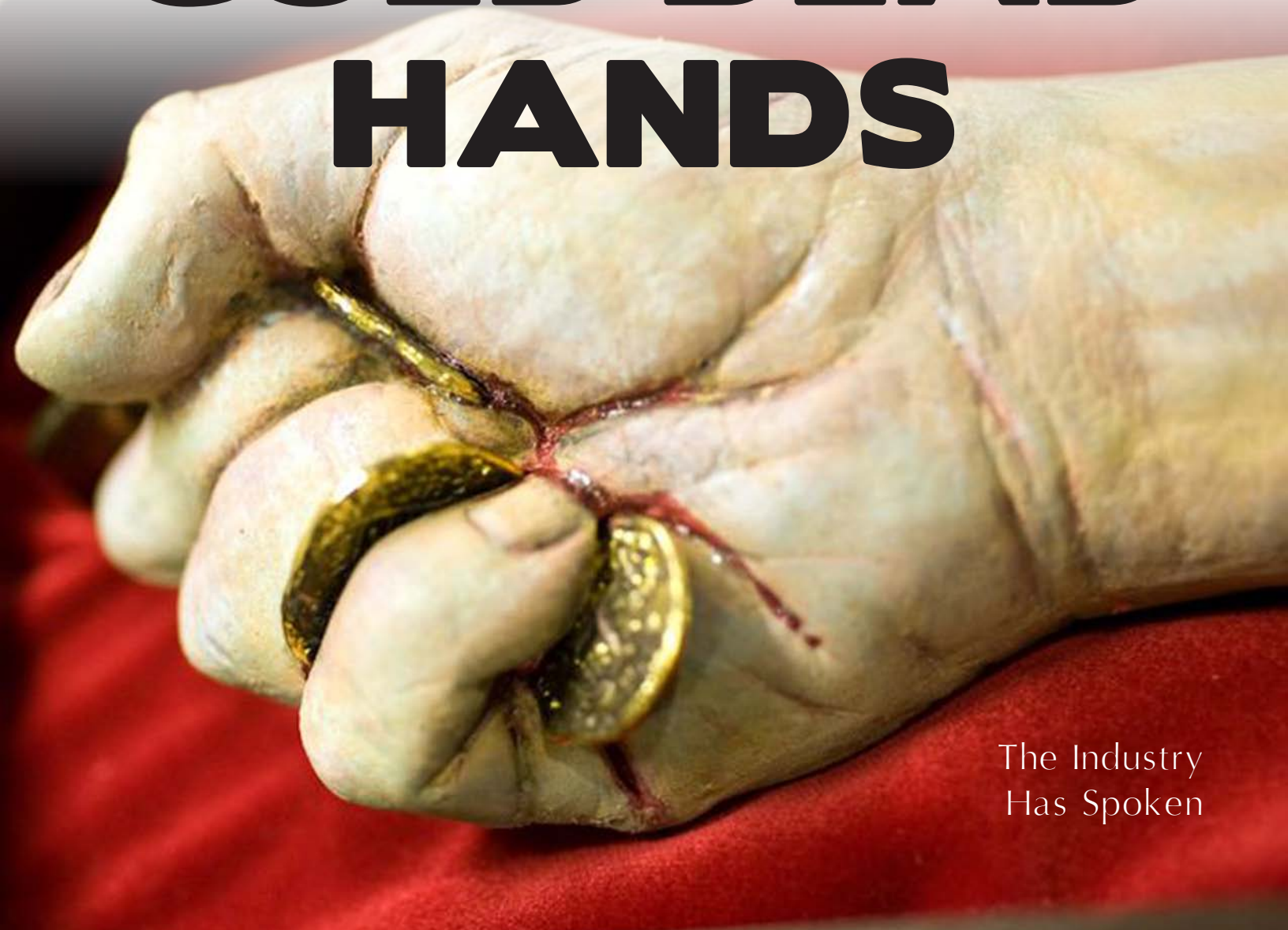
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Will New U.S. Regulations  
Take Away Our Digital Gold?

# FROM MY COLD DEAD HANDS



The Industry  
Has Spoken



# The new FinCEN prepaid access regulations begin at the end of March 2012. FinCEN has confirmed that digital currency companies are covered by these new laws.

by Mark Herpel

**O**n March 31, 2012, agents of the U.S. Government are scheduled to begin enforcement of new FinCEN regulations by levying fines, seizing foreign bank accounts and criminally charging individuals that operate unregistered foreign located digital currency businesses still “engaged in” U.S. activity.

These existing foreign located digital currency companies, some more than a decade old, which do not fully comply by the end of March with FinCEN’s new regulations on Prepaid Access will officially become criminal targets for the U.S. Government.

Stating a need to “...attack money laundering, terrorist financing, and other illicit transactions” FinCEN has structured their new laws very clearly to include digital currency. FinCEN has silently declared that the following now unregistered foreign located companies will no longer be able to legally service customers in the continental United States without MSB status.

- GoldMoney
- e-dinar
- LibertyReserve
- iGolder
- PayWeb
- C-gold
- Pecunix
- Global Digital Pay
- EuroGoldCash
- Alert Pay
- HD Money
- gBullion
- Perfect Money
- ECUmoney
- StrictPay
- SolidTrustPay

...and dozens of other smaller companies.

## THE UGLY TRUTH

As of March 2012, this group of businesses and any

others which are not registered as Money Service Businesses(MSB) will be subject to legal action from the Federal Government.

However unfortunate, if we rely on past cases to predict future prosecutions, we should look back at the recent Liberty Dollar case and 67 yr old Bernard Von Nothaus. After convicting Bernard, the U.S. Attorney in North Carolina viciously described this little old gray headed man as a “domestic terrorist” and publicly stated that the government felt he was trying to undermine the entire U.S. financial system. (what a crock!)

It’s a good bet that any or all future digital currency prosecutions in the U.S. resulting from these new FinCEN regulations, including digital gold currency companies, will be headline grabbing cases.

## THE BIG QUESTIONS

*Have any of these companies moved forward towards registration and compliance with the new regulations?*

---I’m unaware of a single digital currency company attempting to climb this mountain of paperwork and disclosure. However, some companies have made no comments, positive or negative.

*Do any of these companies plan to drop all US customers and withdraw from the marketplace?*

---No word on anyone moving in that direction either. Most have responded with an emphatic NO.

*What’s the general consensus?*

---Taking a wide look at these operators and the issue of a pending March deadline, the statement most industry people have conveyed reads something like this... **“they can have my digital gold currency when they pry it from my cold dead hand.”**

**Fin...WHO?** The industry has spoken.

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# REPORT FROM UTAH II

by Publius

***The Gold Standard***

Issue #11 • 15 November 2011

The journal of The Gold Standard Institute

<http://www.goldstandardinstitute.net>

Last month I gave an overview of the events and implications of the recent Sound Money conference in Utah. Some related issues deserve further examination, as they bear directly on the fight against the banking system.

One speaker made reference to the Committees of Correspondence that had existed prior to the American Revolution. In an age long before the telegraph, let alone the internet, the thirteen colonies were each being oppressed in various ways by England. Before they could determine whether and how to organize and resist, the colonies had to compare notes.

This task was delegated to a few men from each colony, who wrote letters to their contacts in the other 12 colonies. Thus, everyone was kept informed of the latest assorted steps the King had been taking to reduce colonists' freedoms anywhere in America. Mail travelled at the speed of a horse, but some comprehensive co-ordination was possible.

The biggest barrier in our day is no longer the speed of communication, but the deluge of irrelevant information through which a signal must be heard. And the oppression we face comes not from a King in England, but an Aristocracy in Washington D.C. (taking its orders from an Oligarchy in New York). Yet the US Constitution foresaw both problems. It tells us what to do, and it does so very clearly.

Under the Constitution, the individual states were expected to counter-balance the power of the central government. The states' varied interests could

naturally act as a check on any growth of the limited powers granted to the national level. But slowly, over 200 years, by means of divide and conquer tactics, public inertia, subterfuge, and under cover of various national emergencies, the states' influence has effectively been reduced. Not formally though, according to the highest law of the land – and herein lies the potential for a proper rebalancing of political power.

Today, the President and the vast majority of Congress has little interest in returning to a strict reading of the Constitution. But the states can still force the direction of events. Morality and legitimacy remain powerful forces at the disposal of those seeking to protect individual rights. If enough states follow Utah's lead in re-affirming gold and silver as money, it might also bring the debate properly into the public consciousness.

One critical part of the new Utah law is the cancellation of state capital gains taxes that would otherwise be triggered on the disposition of metal at the time it was used as money. This is a first step in the removal of a huge disincentive for gold owners moving bullion out of hiding and back into circulation. Anyone trading their metal for real estate during uncertain economic times would be worried enough. Buildings make easy targets for renewed government confiscation.

If governments are to regain citizens' trust, removal of capital gains taxes on conversion of bullion into circulating currency is a good start. Even better would be to simultaneously open the mint to unlimited free coinage of the metals, as Professor Fekete has described and recommended.

The removal of these state taxes puts Utah on a potential collision course with the federal government. Dr. Edwin Vieira, Jr., in his comprehensive and excellent analysis of the topic, points out Utah's strong case if it chooses to legally challenge the remaining federal taxes on metals sales. If all forms of US currency are required by law to be equal, then how can a one ounce gold coin marked \$50 by the US Mint possibly be worth more than a \$50 Federal Reserve Note? And happily, this need not be a case that takes ten years to get to the Supreme Court. States have

the right to proceed directly to the Supreme Court as their initial trial venue.

Now I can imagine some readers thinking this all academic. That the power of the numerous federal police forces, backed by the US military, will ensure taxes never stop flowing, and gold never circulates, regardless of a court decision. But Dr. Vieira has covered this aspect of the Constitution thoroughly as well. We may feel like the colonists of 1770, oppressed by an impossibly dominant ruling elite. But the same solution the revolutionaries successfully used, and then put into law, still stands ready to help us today if needed.

I am referring to the state-sponsored militia. Many people never consider the meaning of the first half of the Second Amendment. "A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed." Who was in the militia? Everyone! In those days, every able-bodied adult male was required (with his state's assistance, if necessary) to keep a modern military rifle and ammunition in his home, and to muster periodically to prove the readiness of the weapon. Shirkers were fined.

This, thought the founding fathers, was the ultimate check against the return of a tyrant. Let the people be so universally armed that the would-be dictator would find it an impossible task to send an army, whether home-grown or using foreign mercenaries, to subdue the population. It had certainly worked with King George III.

The tradition gradually faded since the 1700s, but states can still legally bring it back. The militia forces were intended to be under local state control. At the conference I met a gentleman from Texas, whose government is also considering adopting Utah's gold and silver laws. He told me about the rapidly expanding, well armed "neighborhood watch" programs in his area. A militia by another name.

If only 10% of the population of even a small state were so armed and organized today, can anyone imagine squads of ATF storm troopers, or even entire Marine battalions, attempting to impose martial law there? Leaving aside the practical problems of

hunting down and disarming a guerilla band several times its size, the damage to the morale of a federal force so tasked might be so crippling as to require, once again, the importing of foreign mercenaries.

Would the federal government ever dare use nuclear or biological weapons against its own citizens? While that is not entirely a rhetorical question, I am still confident the answer is no. I doubt there would be any bloodshed, because the ultimate victory of the free citizens would be so predictable to everyone involved. Tyrants have their limits when enough of their intended slaves can defend themselves.

Publius

The Gold Standard

Issue #11 • 15 November 2011

The journal of The Gold Standard Institute

## **Prepaid Access Webinar Series, Webinar #2**

**December 8, 2011 01:00 PM - 02:00 PM**

In this webinar, find out why simply complying with FinCEN regulations may not fully protect your organization from being used or abused for money laundering or terrorist financing purposes.

### **Webinar Overview**

- Explore the key elements of an AML compliance program
- Gain an understanding of what must be developed and implemented to be considered an effective program by regulators including:
  - Why the risk assessment is critical
  - What suspicious activity reporting requires
  - What procedures are required for collecting and verifying an individual's identification when obtaining prepaid access
- Understand how to maintain an AML compliance program that detects, deters and prevents money laundering and terrorist financing

### **Who Should Attend?**

Anyone involved in prepaid access including:

Program Managers

Sellers (open and closed loop)

Financial Institutions

Processors

Telecom Partners

Card Issuers

Distributors

Regulators

Employers who rely on prepaid products for payroll and benefits

### **Presented by**

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Jani Gode, CAMS, Senior AML Consultant, SightSpan, Inc.

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# If George III Had Internet Surveillance:

Thomas Jefferson

Died July 3, 1776

*After-action report:*

*The Office of Colonial Security had monitored suspicious transmissions between one Thomas Jefferson, who is described as studious and secretive, and at least a dozen other radical extremists, over a period of months. Finally, on July the second, they agreed together to execute their plan. Acting selflessly to preserve our way of life, agents of the Colonial Security Administration risked their lives storming the homes of the traitors and arrested them. However, the author of their extremist manifesto, Jefferson, after apparently setting his home afire with oil lamps, died in the resulting conflagration. All known copies of the manifesto were destroyed in the above-mentioned actions.*

*Privacy is a  
tragic thing  
to lose.*



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# People's Coins

## Swiss Gold to the Rescue – a National Council Member contemplates the use of gold

Ulrich Schlürer, a member of Switzerland's National Council for the Swiss People's Party, has submitted an unusual Parliamentary initiative. Based on Article 160 Paragraph 1 of the Swiss Federal Constitution and Article 107 of the Swiss Parliament Act, he has drafted a remarkable proposal according to which the Swiss Constitution should be amended as follows: "The Swiss Federal Government shall create an official Swiss Gold Franc constituting a set of coins, each of which has a fixed gold content. The Government shall regulate the allocation of concessions to institutions entitled to issue the coins tax-free." One of the politician's aims in this is to help small investors, who suffer inflation more than ever before. "At today's gold price of around 45000 francs per kilo, it will allow Swiss citizens to protect themselves more effectively against the devaluation of money," he states in his draft.

The "affordable people's coins" are to enter the market with a gold content of 0.1 grams – which would cost around 4.50 francs at today's price – along with a 1 gram gold coin costing around 45 francs. Switzerland has long been a "golden country", and its national bank (SNB) owns 1040 tons of the precious metal, a gold reserve currently valued at more than 43 billion Swiss francs.

Schlürer also intends to direct the launch of an initiative called "Save our Swiss Gold" towards the end of the summer. This initiative aims to forbid the selling-off of Swiss gold stocks abroad. The politician is also demanding that all Swiss gold reserves be stored within the country. <http://www.globaliamagazine.com/?id=1185>

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**This item is believed to be a response letter from the FSA on the topic of Bitcoin. It was published in the Bitcoin Forum on Bitcointalk.org which is a very good source of Bitcoin information from reliable operators. The fact that there is such excellent dialog between users and regulators is very encouraging.**

# LETTER FROM FSA ON BITCOIN

The Financial Services Authority (FSA) is the regulator of the financial services industry in the UK

**I** understand from your correspondence that you are enquiring about potential regulation issues in respect of a digital currency called Bitcoin.

I appreciate that you have taken the time to contact us about this matter, I can understand why you have referred the matter to the FSA. The legislation that we deal with here at the FSA is the Financial Services and Markets Act 2000 (FSMA).

In any event, it may help if I give a brief outline of what is covered by FSMA before considering how this may affect your proposed activities. FSMA is concerned with the regulation of financial services and markets in the UK. Under Section 19 of FSMA, any person who carries on a regulated activity in the UK must be authorised or exempt. Section 22 of FSMA provides that an activity is a "regulated activity" if it is an activity of a specified kind carried on by way of business in relation to investments of a specified kind.

The activities and investments are specified in The Financial

Services and Markets Act 2000 (Regulated Activities) Order 2001 ("the RAO"), which is secondary legislation under FSMA. Specified activities are defined in Part II of the RAO and include arranging deals in investments. Specified investments are defined in Part III of the RAO and include various investments. Therefore, if a company is conducting a specified activity, they will need to be authorised, or exempt.

A full list of activities regulated by the FSA is available in the Perimeter Guidance Manual of the FSA handbook. I have attached a link to the relevant information for your attention:

Detailed guidance on whether you need to be regulated can be found in the Perimeter Guidance Manual (PERG). <http://www.fsahandbook.info/FSA/html/handbook/PERG>.

Please note that a full list of the investments regulated by the FSA can be found in chapter 2.6 of PERG

<http://www.fsahandbook.info/FSA/html/handbook/PERG/2/6>

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A full list of activities regulated by the FSA can be found in chapter 2.7 of PERG

<http://www.fsahandbook.info/FSA/html/handbook/PERG/2/7>

Perhaps it would be helpful to say what Bitcoin is.

As I understand, the system has the following features:

- (a) It is a form of digital currency.
- (b) It is not issued by anyone. It is not backed by ordinary currency or anything of value.
- (c) There is no central record on which transactions are recorded.
- (d) There is no central authority that verifies the validity of the coins.
- (e) There must be some sort of system for upgrading the IT application but we don't anything about it. It is likely to be quite informal.
- (d) The coins are generated out of thin air as a reward for system users who voluntarily perform computer operations on blocks.
- (e) Blocks are records of prior transactions.
- (f) Transactions are broadcast to the network. Anyone can create a new block using whichever transactions it wants to include.
- (g) A digital coin is valuable if and to the extent that sellers of goods and services are willing to accept it.
- (h) If I want to buy something with Bitcoin I can either generate the coins as described above or, more likely, buy them, for real money, from someone who buys and sells Bitcoins.
- (i) You wish to run a business

of buying and selling Bitcoins in this way.

(1) If I am a seller as well I may accumulate Bitcoins.

Will emoney be involved?

Emoney means electronically (including magnetically) stored monetary value as represented by a claim on the electronic money issuer which:

- (a) is issued on receipt of funds for the purpose of making payment transactions; and
- (b) is accepted by a person other than the electronic money issuer;

You will see from the description above that it is not issued on the receipt of funds. It is therefore not e-money.

Is deposit taking involved?

There is no deposit for the same reason as with emoney.

What about the Payment Services Directive (PSD)?

Specific guidance on Payment Service Regulations (PSRs) can be found in chapter 15 of PERG

[www.fsahandbook.info/FSA/html/handbook/PERG/15](http://www.fsahandbook.info/FSA/html/handbook/PERG/15)

In particular you may wish to review question 12 of that section I strongly suggest that you also look at the approach document for Payment Service Regulations as well.

[www.fsa.gov.uk/pubs/other/PSD\\_approach.pdf](http://www.fsa.gov.uk/pubs/other/PSD_approach.pdf)

That said, buying and selling

Bitcoin is rather like acting as a bureau de change. These are not caught by the PSD. This is because the firm does not help the user to pay third parties such as merchants but just sells him the Bitcoins.

Moving on, the creation of Bitcoins and sale to users potentially amounts to issuing payment instruments. Therefore the question is whether Bitcoins are payment instruments. This means something used in order to initiate an instruction requesting the execution of a payment transaction. A payment transaction means placing, transferring or withdrawing funds. The key definition is funds. This means banknotes and coins, scriptural money, and electronic money. This means that the question is whether Bitcoins are money.

It is not yet clear what money means in the context of this particular piece of legislation. Our favoured approach at the moment is that one asks whether the value functions like money, whether or not it is money in the more traditional sense. It could mean any medium which, by practise, freely passes through the community in final discharge of debts and full payment for goods and services, being accepted equally without reference to the character or credit of the person who offers it and who in turn can tender it to others in discharge of debts or payment for goods or services, even though it may not be legal tender. So Bitcoins could become money for the purpose of the PSD Regulations if and when they become widely used. If this is the case then you need to be aware that the EU takes the lead on interpreting the PSD and

it may come up with a different approach. For example it could say that in effect each person using Bitcoins to buy something issues the coin because any transfer of a coin creates a new need to get it incorporated into blocks and accepted by the system. That would mean that those who make a business of buying and selling Bitcoins would be issuing a payment instrument. There might also be an argument that anyone creating a new block issues value for the same reason even if no coins are generated.

For the need for authorisation you would also need to be undertaking the activity by way of business. For guidance on this please refer to questions 1 and 4 in PERG 15.

As for the Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) requirements, your firm will be caught by our Handbook requirements on financial crime and AML if it is FSMA-authorized. If it is not FSMA-authorized, it might still be within scope of the Money Laundering Regulations 2007 and again, the firm should seek legal advice on this. If the firm is within the scope of the Money Laundering Regulations, we might or might not be the competent supervisor for the firm's compliance with these Regulations - the flowchart on p2 of this document [www.fsa.gov.uk/pubs/other/approach.pdf](http://www.fsa.gov.uk/pubs/other/approach.pdf) can help the firm determine who its AML/CTF supervisor would be.

Independently of whether your firm falls within the scope of FSMA or the Money Laundering

Regulations, the fact that it appears to be handling funds (in the broadest sense) makes it likely that the firm will be caught by the UK's sanctions regimes. The following link provides more information

[www.hm-treasury.gov.uk/fin\\_sanctions\\_faqs.htm](http://www.hm-treasury.gov.uk/fin_sanctions_faqs.htm)

I suggest that you read this information, and, taking into consideration any exclusions that may apply, you should be able to determine whether or not your proposals would require authorisation. Please be aware that while the FSA can provide general guidance, we cannot tell you whether the proposals would or would not need to be authorised. Where you are involved in speculative contracts in relation to Bitcoins, we need to consider whether the rights in the Bitcoins will amount to one or more of the investments specified in PERG 2.6. In particular, the investments in PERG 2.6.20-24 are the most relevant to your activities.

Any person wishing to carry on one or more regulated activities must apply to the FSA for authorisation (unless they can abide by the terms of an exclusion). The application pack is available on our website.

<http://www.fsa.gov.uk/Pages/Doing/how/index.shtml>

To read the post and all of the comments, see the link below, then sign up and leave your thoughts and comments in the forum.

<https://bitcointalk.org/index.php?PHPSESSID=2e7f919493efc65b583313190aa0d4c9&topic=49862.0>

## **Jury Recommends Death for e-Bullion's James Fayed**

It is Thursday, November 17th 2011 and the jury is back with a sentencing recommendation for James Fayed.

### **"Fry'em"**

While California no longer uses the electric chair, the message is understood. The death penalty has been recommended for James Fayed. His motion for a new trial and automatic reduction in sentence down to "life" was also denied.

James had been convicted earlier of first-degree murder and conspiracy to commit murder, along with special circumstance allegations of murder for financial gain and murder while lying in wait.

A defense attorney for Fayed stated that he is in poor health and expected to die in prison long before his appeals are exhausted which could take up to twenty years.

According to PatrickPretty.com "E-Bullion has been linked to multiple Ponzi schemes, including Legisi, Gold Quest International and FEDI."

# Sound Money Center



America is at a crossroads...

If we solve every problem facing this nation today but do not bring back sound money, Thomas Jefferson's words will ring true and the banks and corporations will deprive the people of all property and our children will wake up homeless in this great nation which our forefathers conquered.

There is a solution! States can restore honest money and **nullify the Fed!** Get involved and help coordinate state sound/honest money initiatives.

Visit [www.soundmoneycenter.org](http://www.soundmoneycenter.org) or call the Director, Doug Tjaden at 417-380-1706.

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# SILVER SAVER



**Are Occupy Wall Street Protestors Signaling an End to Big Banks?  
Are we beginning the expansion of private currencies? Let's hope so.**

**<http://occupiedwallstjournal.com/2011/10/a-new-world/>**

# ALTERNATIVE CURRENCY: LET THE ERA OF GLOBAL PROSPERITY COMMENCE

Designed on the principle of 'Free Currencies – Free Markets – Free People – Free Planet', on 13 November 2011, the long-awaited Crom Alternative Currency System has finally been opened – in many ways a unique combination of a social network and payment system.

Crom Alternative Exchange Association  
Viska 14, 52100 Pula, Croatia  
<http://cromalternativemoney.org>

Unlike the old-fashioned economy, in which a man wasn't satisfied, in this modern economy he is not happy. Both economies have failed to provide him with things he needs. The more the progress and a number of the reachable desires grow, the lonelier and depressed a man becomes.

The motives that have recently

led to the formation of revolutionary movements "Indignados" and "Occupy Wall Street", and many other similar forms of resistance against cruel assaults from bankers and politicians on everything what human dignity represents; are probably best defined as the fact that citizens have had enough of all the clichés, people can't stand it anymore. They no longer want to live and raise their chil-

dren in a miserable environment of deception, injustice, poverty, hatred and war – the world dominated by the cynical smile of a few omnipotent financiers.

Unfortunately, the quality of human life is not a matter of the availability of existing resources, but rather a question of the availability of money. Centralized power and centralized money

<http://www.concentricsky.com/products/iphone/goldmoney/>



## GoldMoney iPhone Application

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cannot survive one without the other, so they function through a mutually beneficiary symbiosis – with the ambient in which they exist they have established a parasitic relationship, they drain the necessary life energy from it. “We are all slaves to money” is not just a famous proverb, it is an undisputed truth. In fact, money comes already from the printing machine in a form of interest-bearing debt to its issuer. Few weeks ago, on the World Savings Day, Giulio Tremonti, the Italian minister of economy and finance, made it clear what the total money supply in global circulation really is: “The term credit is derived from the Latin ‘credere’, which means ‘to believe’, so, for the benefit of common good, we must believe!”

Therefore, it is quite clear that credit ceases to exist when the lack of faith occurs. Back in August of 2007, the following info was published on Bloomberg: “The reality is that an entire market is in default”. “So what’s the catch”, asked Mr. Bean!?! Just as the fiat money (Latin word for “let it be so”) has nothing in common with material reality, so confidence has also lost all connections with critical thinking through dictatorship of ignorance – today’s faith is nothing else than an obvious blackmail “work or die” to which 7 billion people are slaves.

In the current economic Pinocchiata, some people manically produce as much nonsense as possible, while others work in an even scarier rhythm to buy all that crap. If humanity – so thirsty of happiness and prosperity – does not want to miss this unique his-

torical opportunity for transformation of the Global Prison into the Free Planet, then it must be ready to face two crucial steps.

The current system is infected by corruption on such a big scale that it is futile to invest any effort into its recovery. Last year, the famous football player Eric Cantona spoke to all the people of the world with the message that banks are the primary cause of malign economic tumor that devours us. He also underlined that neither armed revolutions nor bloody demonstrations nor non-violent protests are the salutary remedy. As the simplest and the only effective solution, he invited us to stop participating in the system.

The second step that is of vital importance is a new monetary system, upon which local communities as integral parts of the global organism should build healthy social and economic, domestic and foreign relations.

Based on the principle of “Free Currencies – Free Markets – Free People – Free Planet”, from 13 November 2011, Crom Alternative Currency System has become an undeniable reality accessible to every man in any country. In transition towards a better future, it represents a combination of a social network and payment system, that, in a unique way, different from all the other alternatives, approaches the essential need for decentralization of money: People around the globe can conduct business and trade at this place whatever they have or make, through any means of payment they wish. Yes, exactly so! Al-

low everybody to accept as money anything they perceive as the best form of money – for example gold, food, Crom, milk or electricity – is there a better way to decentralize money than this?

Just as man cannot live without a heart, kidney, liver or lungs; Crom is designed as a network of local socio-economic networks. The same as in the transport of red blood cells, interests are not charged on the distribution of this alternative currency too. The amount of air that a man inhales is in accordance to his lung capacity, and the monetary policy of this monetary system is such that the amount of money inside the system matches the amount of products and services in circulation – that is why Crom as an alternative currency has a 100% coverage.

You, Indian farmer! You, American merchant! You, Chinese mechanic! You, Russian stewardess! You, African fisherman! And you, young European unemployed girl! Do not be misled by someone through Twitter that Crom is a cheap commercial trick, and do not wait for somebody to convince you through Facebook that Crom is a lottery where everybody wins! Explore, use your own head and see whether this place can become a school that will teach children, unlike their parents that were raised by a law of fratricidal market competition, not to see their colleagues as adversaries that have to be eliminated as soon as possible. Verify for yourself if this marketplace for products and services can become the launching pad for a new cooperative economy that will fulfill a man’s needs instead the needs of the profit.



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

<https://www.swapgold.com>

# Then They Came For Me

*Did you like the deal you found on Craigslist? Does a friend like bargain hunting at the flea market? Or is a neighbor having a moving sale and you'd like to help?*

**F**or those in Louisiana who pay with cash for any of those scenarios but then fails to file reports electronically after each purchase the government can go after them!



The government's assault on economic freedom have been expanding further with new laws including a new one from the **bought and paid-for politicians** from the State of Louisiana. House Bill 195 [1] legislation for La.'s 2011 session, signed by the governor and enacted into law as Act 389 (pdf)[2] reads:

**Anyone, other than a non-profit entity, who buys, sells, trades in or otherwise acquires or disposes of junk or used or secondhand property more frequently than once per month from any other person, other than a non-profit entity, shall be deemed as being in the business of a secondhand dealer."**

Once a month? Most bargain hunters nowadays are making purchases once per-day.

**A secondhand dealer shall not enter into any cash transactions in payment for the purchase of junk or used or secondhand property. Payment shall be made in the form of check, electronic transfers, or money order issued to the seller of the junk or used or secondhand property.**

Though optimists might see the phrase "electronic transfer" and think Bitcoin provides a loophole, the reporting requirements[3] to be **filed daily** by the buyer ensures that the government has the identity of both the buyer and seller.

Though this legislation somehow must have crept below the radar when passed, it was called out earlier this month[4] as an "infringement on personal privacy, liberties and freedom" and today was an article featured in the Drudge Report.

Is this really happening in America? Today in Louisiana you are breaking the law unless you use a bank or a government institution (for a postal money order) when buying some used hand tools from your neighbor.

We may have allowed these infringements because the legislation was more specific and targeted the four horsemen of the infocalypse[5], for example. As we've become numb and the language used in legislation broadens (like what FinCEN just did with regard to "prepaid access"[6]) it was only a matter of time — now they are coming[7] for us.

- [1] <http://bit.ly/njSG6s>
- [2] <http://bit.ly/vSVNb8>
- [3] <http://bit.ly/sgIJeV>
- [4] <http://bit.ly/rpknTn>
- [5] <http://bit.ly/dZcfG>
- [6] <http://bit.ly/pouLQf>
- [7] <http://bit.ly/he75fU>

This article came from Bitcoin Money  
<http://www.bitcoinmoney.com/post/11656504219/anonymous-cash-purchases-outlawed>



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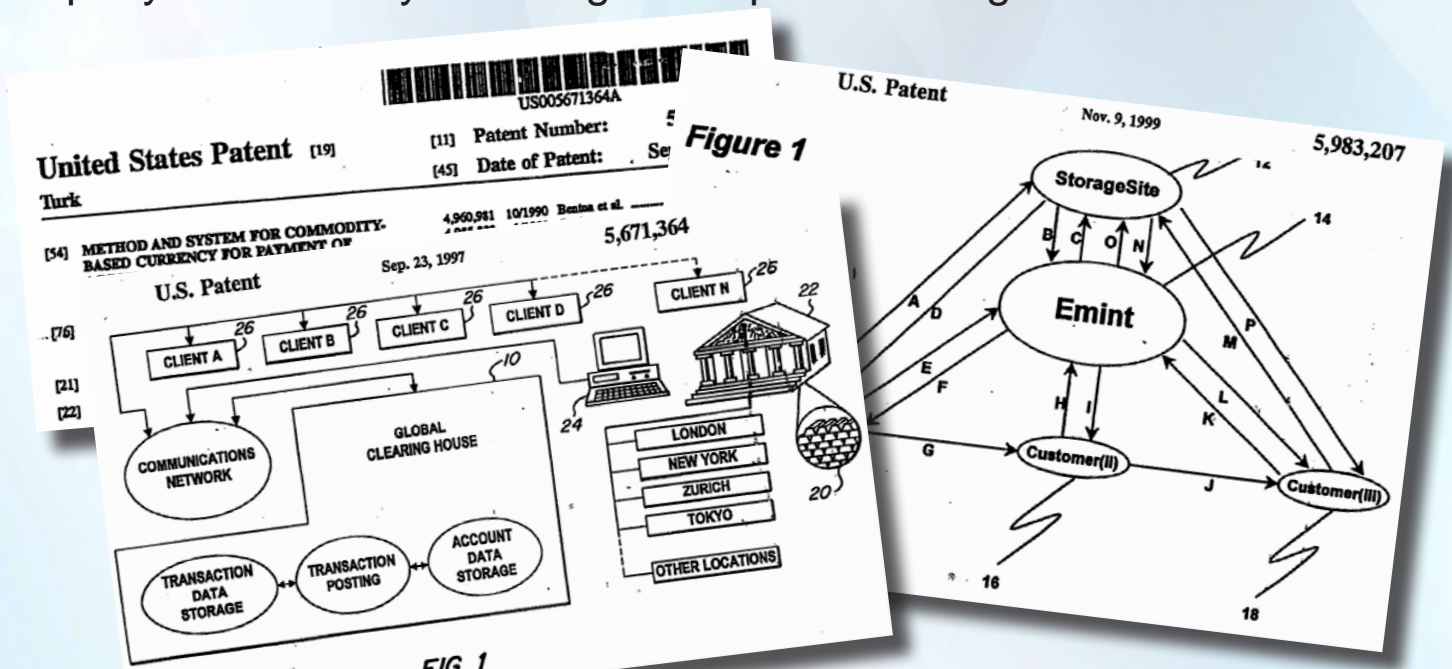
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# GoldMoney vs E-gold



Did you know that just over a decade ago, in 2001, GoldMoney's parent company successfully sued e-gold for patent infringement?



# UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

**Judge Berman**

GM NETWORK LIMITED and  
NET TRANSACTIONS LIMITED,

Plaintiffs,

SUMMONS IN A CIVIL ACTION

CASE NUMBER:

v.

E-GOLD LTD., GOLD & SILVER RESERVE INC., DIGIGOLD LTD.,  
DOUGLAS JACKSON, BARRY K. DOWNEY, THE JACKSON FAMILY  
TRUST, THE DOWNEY FAMILY TRUST, BAXTER, BAKER, SIDLE, CONN.  
& JONES, P.A., HILDEBERTO S. DE FRIAS, MICHAEL J. MELLO and  
DOES 1-10, inclusive,

**01 CV 9621**

Defendants.

TO: (NAME AND ADDRESS OF DEFENDANTS)  
(see attached list of names and addresses)

**YOU ARE HEREBY SUMMONED** and required to file with the Clerk of this Court and serve upon

PLAINTIFFS' ATTORNEY (NAME AND ADDRESS)

Jonathan A. Marshall, Esq.  
PENNIE & EDMONDS LLP  
1155 Avenue of the Americas  
New York, NY 10036

an answer to the complaint which is herewith served upon you, within 20 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

**JAMES M. PARKISON**

CLERK

*[Signature]*  
BY DEPUTY CLERK

DATE

**OCT 31 2011**

**To be continued on page 53**

# NOW TRADING: A RENMINBI KILOBAR

According to Alena Mikham & Andrey Dashkov writing for Casey Research, a new gold product is now on the market which may have powerful implications for the future demand and price of gold on the International market. The Chinese Gold and Silver Exchange Society operates in Hong Kong as a registered society. The bullion exchange is now trading a kilo bar gold contract priced in Yuan. This is a product never before seen or traded. The "Renminbi Kilobar Gold", as it's called, is being actively promoted to investors as a "double safe haven" as it holds exposure to both physical gold and the Chinese appreciating currency. The product is expected to attract local investors and others from around the world. Traders may settle trades either in cash or accept physical gold delivery.

## Introduction to Renminbi Kilobar Gold

<http://www.cgse.com.hk/en/>

Renminbi Kilobar Gold Contract is a legally binding gold contract with its price fixing on board for physical settlement at a prescribed time in the morning session on every business day.

Each Renminbi Kilobar Gold Contract contains one lot of spot gold. The value of Renminbi Kilobar Gold Contract is equal to contracted price multiplied by the number of contracts.

Renminbi Kilobar Gold Contract is traded under the Electronic Trading System, which is established and operated by the Chinese Gold & Silver Exchange Society ("CGSE"). System software vendors of the Trading System is subject to change at appropriate times.

At the close of each trading day, the settlement system of CGSE calculates the book value of Renminbi Kilobar Gold profit or loss (mark-to-market), and credits the profit and debits the loss to the respective accounts of contract buyers/sellers or

withdraw from these accounts the amounts which are the differences between contract prices and daily settlement prices multiplied by number of contracts.

A system of liquidity providers is established to ensure the maintenance of basic liquidity in trading of Renminbi Kilobar Gold. Under the CGSE's trading procedures, liquidity providers are responsible for offering continuous quotes of bid prices/ask prices for a minimum number of contracts.



Hong Kong (CNS) -- The first offshore yuan-denominated gold product was launched by the Chinese Gold and Silver Exchange Society (CGSES) in Hong Kong, on October 17. Ecns.cn

# Anybody Seen Our Gold?



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

## **Who are we?**

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

## **GOLD ANTI-TRUST ACTION COMMITTEE INC.**

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

**CPowell@GATA.org**

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

# GATA

# TAX CHEAT PLEDS WITH THE GOVERNMENT TO UNFREEZE HIS GOLDMONEY ACCOUNT!

**A**ttorneys for Troy Beam, who presently resides in Perry County Prison, sought and received a postponement on his sentencing until January 13th.

Beam has been previously convicted of federal tax evasion charges. Sentencing will take place in U.S. District Court for the Middle District of Pennsylvania. The government has stated that Beam owes \$2,444,992.47 in back taxes.

“Beam asked for more time in order to organize payment of back taxes...Beam also wants the government to unfreeze assets he holds through GoldMoney in an account located in the Channel Island of Jersey, a British Crown Dependency off the coast of France.”

Beam was found guilty on May 4 of violating IRS laws on all six counts brought against him.

The jury found him guilty of one count of “corruptly endeavoring to obstruct and impede the due administration of the Internal Revenue laws” and one count of “attempting to evade and defeat the payment of assessed

taxes from 1992 to 1998,” plus four counts of failing to file returns for 2003-06, the prosecution’s presentencing memorandum notes.

The prosecution is seeking the maximum sentence, 12 years in prison, to send the message to other tax defiers that their behavior will be punished, to send the message that white-collar crime is just as bad as “common law crimes, such as theft” and to punish Beam for years of resistance to IRS letters and phone calls explaining that he needed to pay his taxes.

Prosecutors note in their memo that even after Beam was convicted, he tried to undermine his conviction by writing to his congressman, Bill Shuster, and asking Shuster to intervene with the IRS to provide proof that paying taxes was required by law. In an earlier motion filed Oct. 17, Beam’s attorneys say that Beam is trying to free up the GoldMoney funds to pay part of the restitution, but that other funds for the restitution cannot be used because they are “controlled by trustees who are not yet willing to authorize the signators to access those funds.”

*\*\*<http://www.cumberlink.com>*





# CENTREGOLD

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

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

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

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

<http://cg2wm.com>.

Update: new and very demanded payment methods are coming.

**Go and see it yourself.**



# GOLD RELOADED

Sell your digital currency units to us and get paid straight to your *universal* Centregold™ MasterCard®.

<http://www.centregold.ca>



## The Great Debate

It wasn't as exciting as the Thrilla in Manila (Ali and Frazier), but it was a good match.

It was a good debate but too short!!

IMHO - The debate illustrated a difference in each camp's style.

Bill believes he is correct (and so do I) in GATA's analysis because he's telling the truth as it is heard from reliable sources and that information proves out their predictions about where the market is going.

Jeff breaks down the "truth" in bite size pieces so that his version of the "truth" is not the overall picture but a tiny fragment of a larger argument. He's not lying...he's not wrong, he just fails to address the direct question with a direct answer.

In Jeff's 20/20 hindsight-world his "truth" only supports a tiny sliver of the question posed. His "truth" stands alone as a tiny blade of grass in Bill's "field of truth".

Both parties were "correct" in their brief explanations and beliefs, however, their styles make it appear they are were discussing entirely different topics.

### EXAMPLE

The exact dates of Andrew Maguire's employment and which office location(s) he worked at are immaterial alongside his alarming facts about the manipulation of the markets.

# THE GREAT SILVER DEBATE - MURPHY VS CHRISTIAN

As we are not in a court of law, neither speaker was 100% correct nor exclusively proved their point. INHO during this short bout neither debater proved nor disproved the other.

## EXAMPLE

If I called the winner of next year's world series, Jeff would say I was wrong because my final score prediction was off by one run....however, I still called the winner.

The fact that Andrew Maguire did or did not offer pay stubs from his previous employment as supporting evidence, does not change the fact that his analysis of the manipulation and exposure of the crooks was 100% accurate and truthful.

Jeff talks in circles(his supporting facts that have nothing to do with the overall question) and generally makes accurate points about things that do not address the underlying question.

Here is an description of what I mean...

Scenario: Upon discovering a car crash on the highway, each man from the debate had this to say describing the crash scene.

## Question: "What happened here?"

Bill:"the car which was obviously going well over the speed limit crashed and the driver was killed"

Jeff:"the speed limit was 55 and it appears from the skid marks the driver was going at least 130 and he smelled like he was drinking scotch, clearly he was breaking the law and reckless. However, many people are known to survive crashes in this type of car. I used to work for the company that produced this model so I know it's a safe vehicle. I went to school with the guy who designed the air bag and I know they are safe, research shows these are safe vehicles. Here is the research document which is available on the Internet. Mr. Murphy has quoted the research incorrectly. Additionally, we recognized from experience that the car was always been known to have tires which

were low on air, I rode in the car several times just before the crash as the driver was someone I worked with...I know how the car drove. His excessive speed may have caused the issues with losing control, but the driver was known to have a heart condition and bad eyesight. If the driver had been going 55 perhaps he would have remained in control but we have no way of determining that fact. You see, Mr. Murphy is wrong. There were other drivers on the road at the time of the crash and we also believe he had been making a call on his cell phone. There is no connection between the crash and the speed he was going, we don't know what killed the driver. It's all here in black and white."

I'd have to say that Jeff did a good job of stating what appear to be facts, a lot of facts (most of which had nothing to do with the overall events occurring in the PM markets) but he dodged the ultimate point of what is actually happening.

He's a good mouthpiece for the banks and great at talking in circles but just once I'd like to see him address the real issue.

**After all Jeff...we know that a lie told long enough does not become the truth.**

For GATA, Andrew Maguire called the manipulation of the market, he explained what was happening as it occurred, he told the CFTC and they did nothing. Bill may not have all the tiny facts, receipts and paperwork or 100% of Andrew's job and residence history (so what!) but he gets it, he tells us the truth of what is happening and his belief why.

Once again, my money is on GATA. A big "Thank You" to all the members of GATA for all your hard work.

Thank you Bill for standing up for all of us.

Thank you Jeff for attending and presenting your POV.

*COMMENTARY BY MARK HERPEL*



# Get Connected



## Dinar People NETWORK

Dinar People Network is a free on-line service promoting and assisting the growth of Halal currency, trade and economy.

By becoming a member of the Network we can connect you to a world of Dinar users across the globe.

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

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- Personal 'My Page' for every member.
- Member groups with discussion post
- Personal 'Blog Page' for every member
- Important updates and info via e-mail

# AN IMPORTANT MESSAGE FROM MARK NESTMANN

The Nestmann Group, Ltd. Client Alert, vol. 2 no. 11

I recently learned that effective for January 2012, the price for passport from the Federation of St. Kitts & Nevis will increase by a minimum of \$50,000. If you're interested a second passport from St. Kitts & Nevis, contact my office immediately at [info@nestmann.com](mailto:info@nestmann.com) to get the paperwork started so that you can lodge your application before the deadline. Because the Federation effectively closes down for the Christmas holidays, I recommend having your application in St. Kitts by December 23. That's only a little over a month from now.



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# THE AOCS FACE VALUE: SIX REASONS WHY IT'S ESSENTIAL

by Fernanda Powers



AOCS barter medallions are valued within a nationwide barter network at fifty units per troy ounce. While the type of unit is not defined, participating businesses accept one ounce of AOCS silver in exchange for fifty dollars worth of goods and services. Given that the face value does not seem to relate to the daily spot price of silver, two frequently asked questions are how does AOCS determine the face value and why is there an AOCS face value in the first place?

The American Open Currency Standard uses a valuation formula to determine the AOCS face value that's based on the 30 day moving average on the spot price of silver. When the 30 day moving average of silver reaches 41.50 and remains there for sixty days, one ounce AOCS barter rounds will upgrade to an AOCS face value of 100.

So why is an AOCS face value so important? Why, as some have asked, can't we just let the

free market determine the worth of AOCS barter medallions, or any kind of silver rounds for that matter? Here are six reasons why the AOCS face value is absolutely essential to the functionality of an economy based on AOCS currency.

1. The AOCS face value allows for seamless financial record keeping for a business who continues to accept dollars, also known as Federal Reserve Notes (FRNs) and AOCS barter medallions as payment for goods and services. No one has to obsess over the daily spot price. A merchant simply accepts AOCS barter rounds at fifty dollars per ounce, records it as such, and doesn't have to think about it any more.

2. The AOCS face value makes the transaction itself convenient for the buyer and seller. Again, noobsessingoverthespotprice, no complicated calculations of how many groceries can be purchased with today's spot price vs. yesterday's spot price. The customer can pay for the

goods and be out the door.

3. The AOCS face value brings stability to the silver currency allowing people to accurately predict their expenditures. You can imagine the consternation a homemaker might feel upon shopping at the grocery store the day after the spot price of silver dropped by a few dollars and was faced with having to pay more silver for the same amount of food she could have gotten the day before. Imagine the even worse hypothetical scenario of an employee getting paid in silver at the spot price, then having the spot price drop between payday and the day the rent is due. He suddenly has to pay more silver than he can afford based on what he was paid. With a face value, he can know exactly how much silver he'll get paid and how much he'll have to pay in expenses.

4. The AOCS face value provides incentive to actually spend the silver. Usually when people buy silver rounds, they pay a premium over the spot

price and this is true with silver rounds for sale at AOCS Mint. If I had to pay a premium to obtain the silver but I must spend it at the spot price, I have just lost money on the transaction, so why would I do it? With the AOCS face value I can buy silver rounds at the spot price plus a premium, then spend them at the face value and gain purchasing power in the process because the face value is so much higher than the bulk value.

5. The AOCS face value brings stability to the overall network of participating businesses and customers. Under the elusive free market, three merchants selling the same product in the same town could value the silver at three different values relative to FRNs.

Customer then are forced to spend time evaluating each purchase made with AOCS approved silver to determine where they will gain the greatest value. The merchants who assign the silver rounds a higher value will be pushed out by those who assign it a lower value. Eventually, the trade value of the silver will revert back to the spot price. At this point it ceases to be a currency and people will stop spending it.

6. With the AOCS face value, the AOCS barter network and emerging silver economy can succeed without legislative support. The face value

provides a financial incentive for people to both resell and spend the AOCS barter medallions, which means people will realize a benefit from using AOCS currency. This means there is no need for legislation mandating the use of silver or gold in business transactions. It will happen organically.

#### About the Author

Fernanda Powers is the Executive Director of Northern Colorado Community Barter, a community currency initiative that uses AOCS barter medallions. AOCS Mint is offering a special new customer coupon. Visit <http://tinyurl.com/AOCSMint> to get claim your discount.





<http://www.gbullion.com>  
<http://gbullionnews.com>



**GBULLIONCOM**

# Yandex.Money Offers Customer Authentication Online

October 18, 2011

October 18, 2011. Yandex.Money has agreed to partner with Equifax, the largest consumer credit reporting agency working in Russia. Now, those Yandex.Money users who have ever taken a loan from a bank can have their Yandex.Money identification confirmed online, without having to come to the company's office. Yandex.Money is the first e-payment system in Russia to enable online authentication via a credit reporting agency.

Equifax holds credit files on customers of most Russian banks. The remote authentication in Yandex.Money is based on Equifax's obtaining answers to a number of questions from the system's user. Remote authentication only takes 10-15 minutes and is considered successful if the information obtained from the system's user matches the information already available to Equifax. Yandex.Money does not have access to the client's credit history; it is Equifax who checks the client's credit reputation.

Authentication in Yandex.Money is a procedure that identifies a client as the owner of a specific e-payment account. Authentication in the system gives its clients a wider range of opportunities including an option to make payments over 15,000 rubles\* and lower cash withdrawal and fund transfer limits.

"This project is unique both for Russia and for the whole world. This is the first experience of partnership between a credit reporting agency and an e-payment system. And this is an absolutely new direction in our industry," says Oleg Lagutkin, the CEO of Equifax Credit Services LCC.

"That's what an e-money service is for – to be used online, without leaving home. And, of course, it is in our interest to provide our clients with an opportunity to perform all operations, including authentication, online," says Natalia Khaitina, Deputy CEO of Yandex.Money. "Currently, the Yandex.Money's Equifax-powered online authentication is available to clients with a credit history, but we will try and extend this opportunity to other clients, too."

Equifax Credit Services provides credit organizations in Russia with solutions in risk management, analytics and fraud detection. The agency's database includes over 72m credit history reports on over 43m credit customers. According to RosBusinessConsulting, as of 2011, Equifax Credit Services, with the market share of 37%, was the largest consumer credit reporting agency in Russia. Equifax Inc. was founded in 1899 in Atlanta, Georgia, USA. Currently, it operates in more than 15 countries across the world.

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## CAPITALISM CAN'T BUILD COMMUNITY WEB-SERVICES

by Matthew Slater

**A new breed of web site seeks to reconnect us to our neighbours - through the internet! Using up-front capital a polished web service can be built to mediate and encourage relationships between neighbours. But what happens when these sites are competing for territory?**

I could sign up to [Hey Neighbor!](#) and tragically not know that the rest of the neighbourhood was on [Nextdoor](#). In fact there are many such local groups already using Facebook. More silos means more advertising, more competition, and worse, more separation from our neighbours.

When a project takes on venture capital or sells shares, it becomes obliged to maximise the returns on investment, which means a national, or city by city marketing campaign, in hope of establishing monopoly. The progressive intentions of the founders of Nextdoor to build community are utterly incidental to the imperatives imposed by capital. Until a monopoly emerges, the usual venture capital model of building a technology - trying to build the biggest silo, is actually

counter to the stated aims of these community building sites. And once the monopoly is established and the alternatives diminished, the users can do little to prevent abuses. Whenning cut loose all their communities that couldn't pay, when Yahoo handed over users to be tortured, and when Facebook is in bed with the worlds most powerful drug ring, the users, the netizens have no voice in these 'communities' This is where the American Dream leads in the 21st Century. We should offer up a prayer for couchsurfing.org, which recently took on several million in capital, allegedly because it couldn't compete. There's truth in it, compared to communities who are seduced into subjugating themselves to extractive models of finance, the grass roots efforts can appear almost backward.

But I digress. The capitalist model

imposes values and architecture entirely incompatible with the communities we need to build. If the intentions of the monied were really to build community, they would be engaging more with existing projects. The largest community (software) network I know of, CES, is a mutual credit network with over 300 installations and has been built over ten years as a labour of love by one person, partially supported by foundation money.

So how can we allow competition between community softwares without making silos and building monopolies beholden only to the self aggrandising logic of money? There is a well understood open source answer to this and it doesn't often attract investment. Defining APIs (Application programming interfaces) creates spaces for equivalent software components

to work with the larger system, just as the open, published format of email allows innovators to build equivalent email reading/sending software.

This year Shareable magazine published an API for sharing, which I want to expand upon here. We need local portals which manage identity and strictly local issues, but which connect with open APIs to global web services, such as a 'stuff for sharing' service.

We also need local portals which manage identity and strictly local issues, but which connect with open APIs to global web services.

The next generation of social networks, distributed social networks may have an answer. The most well known, Diaspora, won't be ready for some time, but it has a model of 'pods' which store user data and enforce privacy settings across the rest of the network.

I would like to see local social networks owned, managed and hosted by local government or nonpolitical groups representing the community. They would be private to the outside, and would mainly be in place for local governance, local accounting, local exchange, and informal interactions. I would expect this to happen on an open, extensible platform that can move with the times and be adapted to local needs. The software for this could be supplied by vendors or volunteers.

But not all our needs can be met locally. There need to be services at the global level, accessed via the local sites though open APIs. The global services would need to be carefully managed by the community to prevent abuse.

- There needs to be a globalised marketplace where all the non-local businesses can be found. So I could find every hardwood floor specialist within 50 miles. It would not be all commercial, including baby sitters and stamp collectors alike. Real identities would be hidden at this level. It would be especially useful for people that live near borders or in cities where communities might be densely packed.
- Another essential non-local service would be ride-sharing. This sector has been totally shattered by too many projects.
- Accounting in non-local currencies.
- Events and activities should be available globally what other global services might be needed

I'm not just painting a pretty picture. The recent Community Forge / Community Tools partnership intends to take our software in exactly this direction. We are committed to open source, open standards, and pushing the governance to the edges, and we look to partner with other efforts who value that.

<http://matslats.net/global-local-capitalism> 10/28/2011

# The Future of Money

On December 2, 2011 GoldMoney Foundation Director James Turk will be addressing the Slovakian F.A. Hayek Foundation's Future of Money conference, on the subject of monetary reform and what a sound money system should look like. James's presentation will be entitled: "A Monetary System for the 21st Century".

This event will be held at the Park Inn Danube in Bratislava from 9.00am until 14.00pm. Other speakers include Detlev Schlichter, author of the recently-released book Paper Money Collapse; Ján Oravec, president of the F.A. Hayek Foundation; Dr. Detmar Doering, director of Germany's Liberal Institute; and Mojmír Hampl, vice-governor of the Czech National Bank.



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## DEAR GBULLION CLIENTS:

In order to help expand our service offerings and ensure that GBULLION remains one of the best places to purchase gold online, a change in pricing structure will be in effect from 1 November. The change is as follows: for those investors with \$2 500 to \$250 000 invested, a monthly service cost of \$25 will be applied. However there will be no charge for those with accounts less than \$2,500 or more than \$250,000.

To existing verified customers, you will keep the current price structure as a way to thank you for being with us from the start.

To newly verified members after 1 November, this amount of \$25 per month is still lower than the fees charged by other competitors in the industry and we are confident that our service offerings remain second to none and will only increase as a result of this strategic move.

### Up to the Minute Spot Price

In the past, GBULLION was only able to provide the ability to purchase gold at a spot price at 15-minute intervals. As of now, we are able to transact at the minute-to-minute spot price enabling members to act more quickly on investment decisions. As a result investment returns will be able to increase as the amount of buy high and sell low opportunities expand 15-fold.

### Gold by the Milligram

An additional update is that previous quantities of gold could only be purchased in increments of 1 gram. Effective immediately, gold can be purchased in quantities of 0.01 grams after the initial minimum of 1 gram. This update makes gold savings plans more friendly as more precise quantities can be acquired for your weekly or monthly investment.

Should you have any questions or concerns, we are always happy to help you!

Kind regards, GBULLION Team

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# FAQ

The Financial Crimes Enforcement Network (“FinCEN”) is issuing these Frequently Asked Questions (“FAQs”) to assist providers and sellers of prepaid access in understanding the scope of the final rule imposing certain recordkeeping and reporting requirements under the Bank Secrecy Act (the “BSA”). The Prepaid Access Final Rule (the “Rule”) was issued July 29, 2011 and has generated many questions. These FAQs are intended to provide interpretive guidance for the Rule; they do not supersede or replace any part of it.

The Rule establishes a more comprehensive approach for regulating prepaid access and requires providers and sellers of prepaid access to (1) file suspicious activity reports (“SARs”), (2) collect and retain customer and transactional information and (3) maintain an anti-money laundering program. These BSA requirements are similar to those that apply to other categories of Money Services Businesses (“MSBs”). The Prepaid Access Rule amends some of the provisions within FinCEN’s MSB regulations.

1. What types of prepaid access arrangements are covered under the Rule?

The Rule defines a “prepaid program” as “an arrangement of one or more persons acting together to provide prepaid access.” Prepaid access arrangements can vary greatly, ranging from travel programs to university campus programs to public transportation programs and many others, all with specific features and characteristics targeted to different audiences and activities. The Rule details types of activities that would and would not subject a specific prepaid access arrangement to BSA requirements. The Rule excludes certain low-risk prepaid access arrangements from being subject to regulation.

Three types of prepaid access arrangements are excluded from the definition of a prepaid program

under the Rule, those that: 1) provide closed loop prepaid access to funds not to exceed \$2,000 maximum value on any day; 2) provide prepaid access solely to funds provided by a government agency; or 3) provide prepaid access solely to funds from certain pre-tax flexible spending arrangements for health care or dependent care expenses, or from Health Reimbursement Arrangements for health care expenses.

There are two types of prepaid access arrangements that have a qualified exclusion but that, if they can be used in any of three particular capacities, are not entitled to that exclusion and are therefore prepaid programs subject to regulation. The rationale is that the expanded capacities may obscure financial transparency. Open loop prepaid access that does not exceed \$1,000 maximum value on any day, and prepaid access to employment benefits, incentives, wages or salaries (“payroll”), are not prepaid programs subject to BSA regulatory requirements so long as the prepaid access cannot (1) be used internationally, (2) allow transfers of value from person to person within the arrangement, or (3) be reloaded from a non-depository source. If any one of these features is part of the arrangement, it will be a covered as a prepaid program under the Rule.

2. Who is a provider of prepaid access?

A provider of prepaid access can be determined in one of two ways under the Rule.

A. The provider of prepaid access for a prepaid program is the participant in that prepaid program who registers with FinCEN as the provider of prepaid access for that program. Determination of which participant should register is a matter left to the participants. However, it is presumed that the participant registering as the provider of prepaid access has agreed to perform all of the duties required for providers of prepaid access under the Rule.

B. If none of the participants in a prepaid program registers with FinCEN as the provider of prepaid access for that program, the provider of prepaid access is the participant in the program with principal oversight and control over the program.

See also question 9 below.

3. Who is, and who isn't, a "seller of prepaid access" under the Rule?

A person that accepts payments for an initial or subsequent loading of prepaid access, including a general purpose retailer such as a pharmacy, convenience store, supermarket, or discount store, is not considered a "seller of prepaid access" if:

(a) it does not sell prepaid access under a prepaid program that can be used before the user's identification needs to be verified; and

(b) it has policies and procedures in place that are reasonably adapted to prevent the sale of more than \$10,000 of any type of prepaid access to any one person on any one day.

Such a person is considered a "seller of prepaid access" if it either sells prepaid access described in item (a) above or doesn't have policies and procedures, and does engage in sales, described in item (b) above.

Seller Questions:

4. How do I know whether my policies and procedures are "reasonably adapted" to prevent a sale of more than \$10,000 to any person during any one day?

There is no one set of policies and procedures that is "reasonably adapted" to prevent sales of prepaid access that exceed \$10,000 to any person during any one day. Such policies and procedures must be risk-based and appropriate to the particular retailer in question, taking into account facts such as its typical customers, its location(s), and the volume of its prepaid access sales. The fact that a retailer sells over \$10,000 in prepaid access to one person in one day does not in and of itself mean that the retailer's policies and procedures are not "reason-

ably adapted to prevent such a sale."

5. Are businesses deemed "sellers" under the Rule for distributing prepaid access to other businesses ?

No. Distribution of prepaid access products to other businesses for further distribution or sale to end users/consumers by those other businesses is not the type of activity intended to be covered by the Rule. This type of activity would not subject a business to the prepaid access regulation regardless of whether the activity exceeded \$10,000 to one business (i.e., person) in one day. The definition of "seller" is intended to address sales to the end user/consumer of the prepaid access product, not to apply to businesses in the distribution channels that move the prepaid access products to the market.

6. Are businesses deemed "sellers" if they provide non-depository reloads to prepaid access under the Rule?

It depends. An entity reloading prepaid access from a non-depository source is a "seller," subject to the provisions of the Rule, if it (1) reloads funds onto prepaid access that is part of a prepaid program not subject to initial customer verification, or (2) both reloads in excess of \$10,000 for any person on any given day, and does not have policies and procedures reasonably adapted to prevent such reloading for any person on any given day.

Persons providing non-depository reloads of funds or the value of funds to prepaid access are not sellers if:

they reload less than \$10,000 of prepaid access that is not part of a prepaid access program covered under the Rule for any person on any given day;

they reload less than \$10,000 of prepaid access that is part of a prepaid program covered under the Rule, but is subject to verification procedures after the initial sale of the prepaid access, for any person on any given day; and

they have policies and procedures reasonably adapted to prevent the reloading of \$10,000 for any person on any given day.

7. What does the Rule require sellers to do with respect to non-depository reloads? Do these requirements include customer information collection requirements?

A person that qualifies as a “seller of prepaid access” because of the person’s reload business (see question 6 above) has the same obligations as any other “seller of prepaid access,” including AML program, SAR filing, and recordkeeping requirements. However, such a seller does not have to obtain customer identification information under 31 C.F.R. 1022.210 from customers that have already provided customer identification information with respect to the prepaid access that they are reloading.

8. What are the Rule’s requirements for “sellers of prepaid access?”

Sellers of prepaid access will need to develop and implement an effective AML program, report suspicious activity, and comply with recordkeeping requirements related to customer identifying information and transactional data. Sellers, as agent MSBs, will not have to register with FinCEN as MSBs.

9. Can a bank be an MSB, such as a provider of prepaid access?

No. The BSA regulations preclude a bank from being deemed any category of MSB; accordingly, a bank cannot be a provider of prepaid access subject to the requirements of the Rule. In situations in which a bank exercises “principal oversight and control,” no participant is required to register as the provider of prepaid access; however, if a participant other than a bank chooses to register, that participant is the provider of prepaid access and has the responsibilities under the rule notwithstanding the bank’s participation in the prepaid program. The Rule does not relieve banks of their existing BSA obligations, including with respect to prepaid programs with which they are involved.

10. Is a prepaid access program manager that is a participant in a prepaid program subject to the Rule if it is not the provider of prepaid access for that prepaid program (i.e., another party has registered as the provider of prepaid access)?

A program manager that is not the provider of prepaid access has no obligations under the Rule.

Prepaid Program Questions:

11. Is an arrangement that provides reloadable temporary prepaid access devices a “prepaid program?”

Such an arrangement is excluded from the definition regardless of whether the temporary device is reloadable or not, so long as the features of that device are limited in specific ways. If its maximum value, use, or withdrawal limit is less than \$1,000 on any day, and it cannot be used internationally, reloaded at a non-depository source, or used to transfer value among the users, it is not subject to the Rule. Its temporary or reloadable nature is irrelevant in this analysis.

12. Is a provider or seller of phone cards subject to the Rule as a prepaid program provider or seller of prepaid access?

It depends. There is no specific exclusion from the Rule for phone cards. A provider or seller of phone cards usable solely to obtain phone service is providing or selling closed loop prepaid access. A provider of closed loop prepaid access is not a prepaid program provider unless the amount of the closed loop prepaid access associated with any one prepaid access device exceeds \$2,000. Note that the ability to use the device internationally – which we understand is often the case with phone cards – would not change this analysis for closed loop prepaid access. The closed loop exclusion applies irrespective of whether the prepaid access can be used internationally.

A seller of phone cards that are usable solely to obtain phone service is a seller of prepaid access if it both sells in excess of \$10,000 in phone cards to any person on any given day, and does not have policies and procedures reasonably adapted to prevent such sales to any one person on any one day. If so, it is deemed an agent MSB and does not have any registration requirements.

13. Are devices sold for future access to products or services (e.g., songs, iTunes, telephone minutes, megabytes, wireless top-up, games, software, etc.)

prepaid access devices under a prepaid program subject to the Rule?

Many of these products would likely be considered prepaid access. However, depending on the structure of the program, they would probably be considered closed loop prepaid access and as such would not be part of a prepaid program under the Rule unless they allowed maximum value or loads above the \$2,000 threshold.

14. What does “loading additional funds or the value of funds from non-depository sources” mean?

“Loading additional funds or the value of funds from non-depository sources” means providing funds or the value of funds intended for prepaid access by means of an entity that is not a depository institution, where that entity will then arrange for the funds to be available through the prepaid access. An arrangement under which prepaid access devices can be reloaded in this manner is a prepaid program under the Rule. Re-loads that are made through a depository institution would include but are not limited to ACH transfers from a bank account, cash or other deposit at a bank, or a check drawn on a bank and payable to the provider of prepaid access. Re-loads that are not made through a depository institution would include but are not limited to, reloads through retail store transactions (e.g., cash, check or credit card), wire transfers originating at money services businesses, or checks payable to a payee other than the provider of prepaid access.

Closed Loop Questions:

15. Is closed loop prepaid access that can be used domestically and internationally subject to the Rule if it is below threshold?

No, closed loop prepaid access below the \$2,000 threshold that can be used internationally is not part of a prepaid program.

16. Is it correct that the \$2,000 threshold for closed loop prepaid access attaches to the device or vehicle, not the person?

Yes, that is correct. The \$2,000 threshold for closed

loop prepaid access is per device or vehicle. It does not require aggregation of all purchases of separate (i.e. distinct) closed-loop prepaid access devices or vehicles bought by an individual in a single day. Note, however, that businesses that sell more than \$10,000 of any type of prepaid access to an individual in a day may be sellers of prepaid access under the Rule.

17. How does the Rule’s \$2,000 daily limit apply to closed loop prepaid access that can be reloaded?

No more than \$2,000 can be associated with each closed loop prepaid access device or vehicle in one day. Accordingly, if the closed loop prepaid access arrangement permits either individual reloads of more than \$2,000 per device, or cumulative reloads per device that total more than \$2,000 in one day, the arrangement no longer qualifies for the “closed loop prepaid access” exception from the definition of a prepaid program under the Rule.

For example, if a closed loop prepaid access device or vehicle has a value of \$1,500, and the holder spends \$1,000 and subsequently reloads \$600 before the end of the day, this prepaid access would fall within the definition of a prepaid program because \$2,100 has been associated with the prepaid access within one day.

18. Is FinCEN developing a special SAR form for providers and sellers of prepaid access?

No, providers and sellers will use FinCEN Form 109, the same SAR form that all MSB filers use.

\*\*\*\*

Financial institutions with questions about the frequently asked questions may contact the Financial Crimes Enforcement Network’s regulatory helpline at 1-800-949-2732.

01 CV 9691  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

GM NETWORK LIMITED and  
NET TRANSACTIONS LIMITED,

Plaintiffs,

Civil Action No.

vs.

E-GOLD LTD., GOLD & SILVER  
RESERVE INC., DIGIGOLD LTD.,  
DOUGLAS JACKSON, BARRY K.  
DOWNEY, THE JACKSON FAMILY  
TRUST, THE DOWNEY FAMILY TRUST,  
BAXTER, BAKER, SIDLE, CONN &  
JONES, P.A., HILDEBERTO S. DE FRIAS,  
MICHAEL J. MELLO, and DOES 1-10,  
inclusive,

Defendants.

**COMPLAINT**

Plaintiffs, GM Network Limited ("GM Network") and Net Transactions Limited ("Net Transactions") (collectively, "Plaintiffs"), for their complaint against defendants, e-gold Ltd. ("e-gold"), Gold & Silver Reserve Inc. ("G&SR"), DigiGold Ltd. ("DigiGold"), Douglas Jackson, Barry K. Downey, the Jackson Family Trust, the Downey Family Trust, Baxter, Baker, Sidle, Conn & Jones, P.A. ("Baxter Baker"), Hildeberto S. De Frias and Michael J. Mello (collectively, "Defendants"), allege:

**The Parties**

1. Plaintiff GM Network is a corporation organized and existing under the laws of the Isle of Man and having a place of business in the Isle of Man.

NY2 - 1249010.1

2. Plaintiff Net Transactions is a corporation organized and existing under the laws of the Bahamas and having a place of business in Jersey, Channel Islands.
3. Upon information and belief, e-gold is a corporation organized and existing under the laws of Saint Kitts and Nevis and having a place of business in Nevis.
4. Upon information and belief, G&SR is a corporation organized and existing under the laws of Delaware and having a place of business in Wilmington, Delaware.
5. Upon information and belief, DigiGold is a corporation organized and existing under the laws of Saint Kitts and Nevis and having a place of business in Nevis.
6. Upon information and belief, Douglas Jackson is a resident of Melbourne, Florida.
7. Upon information and belief, Barry Downey is a resident of Baltimore, Maryland.
8. Upon information and belief, the Jackson Family Trust is a Bermuda trust having a trustee residing in Bermuda.
9. Upon information and belief, the Downey Family Trust is a Bermuda trust having a trustee residing in Bermuda.
10. Upon information and belief, Baxter Baker is a professional association organized and existing under the laws of Maryland and having a place of business in Baltimore, Maryland.
11. Upon information and belief, Hildeberto S. De Frias and Michael J. Mello are residents of Bermuda.
12. The true names and capacities, whether individual, corporate, associate, partnership, or otherwise, of defendants Does 1-10 are unknown to Plaintiffs, who therefore sue said defendants by such fictitious names and will ask leave to amend this Complaint to show their true names and capacities when the same have been ascertained. Plaintiffs allege on

information and belief that each of the fictitiously named defendants is responsible in some manner for the wrongful conduct herein alleged, and that such wrongful conduct caused harm to Plaintiffs.

### Jurisdiction and Venue

13. This is an action arising under the Patent Laws of the United States, Title 35, United States Code and under the Federal Declaratory Judgment Act. This Court has jurisdiction of the subject matter hereof pursuant to 28 U.S.C. §§ 1331, 1338(a), 2201 and 2202.

14. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391 and 1400(b).

### COUNT I

15. Plaintiffs hereby incorporate by reference all averments made in paragraphs 1-14 above.

16. On September 23, 1997, United States Patent No. 5,671,364 ("the '364 patent"), entitled "Method And System For Commodity-Based Currency For Payment Of Accounts And Elimination Of Payment Risk," was duly and legally issued to James Turk. James Turk subsequently assigned his rights in the '364 patent to GM Network. GM Network is the owner of the entire right, title and interest in and to the '364 patent. Net Transactions is a subsidiary of GM Network and currently the sole licensee of the '364 patent. Net Transactions operates a commercial embodiment of the '364 patent, accessible via the Internet at <http://www.goldmoney.com>. A copy of the '364 patent is attached hereto as Exhibit A.

17. Upon information and belief, e-gold has and continues to directly infringe, contributorily infringe and/or actively induce infringement of the '364 patent in this judicial district and elsewhere in the United States by operating the e-gold electronic payment system

("the e-gold system"), which is accessible via the Internet at <http://www.e-gold.com> ("the e-gold Web site").

18. Upon information and belief, G&SR, DigiGold, Barry Downey, Douglas Jackson, the Jackson Family Trust, the Downey Family Trust, Baxter Baker, Hildeberto S. De Frias and Michael J. Mello have and continue to directly infringe, contributorily infringe and/or actively induce infringement of the '364 patent by controlling, facilitating and/or assisting in the operation of the e-gold system.

19. Upon information and belief, Defendants' infringement of the '364 patent has been and continues to be willful, wanton and deliberate, without license and with full knowledge and awareness of Plaintiffs' patent rights.

20. Plaintiffs have given Defendants actual notice of the '364 patent by letter dated October 29, 1997, and have complied with the statutory notice requirements of 35 U.S.C. § 287(a).

21. Unless enjoined by this Court, Defendants will continue their acts of infringement to Plaintiffs' substantial and irreparable harm.

## COUNT II

22. Plaintiffs hereby incorporate by reference all averments made in paragraphs 1-14 above.

23. On September 23, 1997, United States Patent No. 5,983,207 ("the '207 patent"), entitled "Electronic Cash Eliminating Payment Risk," was duly and legally issued to James Turk and Geoffrey Turk. James Turk and Geoffrey Turk subsequently assigned their rights in the '207



patent to GM Network. GM Network is the owner of the entire right, title and interest in and to the '207 patent. A copy of the '207 patent is attached hereto as Exhibit B.

24. Upon information and belief, DigiGold has and continues to and/or will continue to directly infringe, contributorily infringe and/or actively induce infringement of the '207 patent in this judicial district and elsewhere in the United States by operating the DigiGold electronic payment system ("the DigiGold system"), which is accessible via the Internet at <http://www.digigold.net> ("the DigiGold Web site").

25. Upon information and belief, e-gold, G&SR, Barry Downey, Douglas Jackson, the Jackson Family Trust, the Downey Family Trust, Baxter Baker, Hildeberto S. De Frias and Michael J. Mello have and continue to and/or will continue to directly infringe, contributorily infringe and/or actively induce infringement of the '207 patent by controlling, facilitating and/or assisting in the operation of the DigiGold system.

26. Upon information and belief, Defendants' infringement of the '207 patent has been and continues to be willful, wanton and deliberate, without license and with full knowledge and awareness of GM Network's patent rights.

27. GM Network has given Defendants actual notice of the '207 patent by letter dated May 16, 2000, and in subsequent meetings, but Defendants have continued their infringing conduct.

28. Unless enjoined by this Court, Defendants will continue their acts of infringement to GM Network's substantial and irreparable harm.

**WHEREFORE, Plaintiffs pray that:**

- A. This Court declare that Defendants have infringed United States Patent No. 5,671,364;
- B. This Court declare that Defendants have infringed and/or will infringe United States Patent No. 5,983,207;
- C. Defendants, their parents, affiliates, subsidiaries, officers, directors, agents, servants, employees, attorneys, successors and assigns, and all persons in active concert, privity or participation with them be preliminarily and permanently enjoined and restrained from further infringement of United States Patent Nos. 5,671,364 and 5,983,207;
- D. All software, including source code, used in the operation of the e-gold and DigiGold Web sites to infringe United States Patent Nos. 5,671,364 and 5,983,207 be delivered to Plaintiffs for destruction;
- E. Damages, including interest, be assessed against Defendants and awarded to Plaintiffs adequate to compensate for Defendants' infringement of said patents, and that this Court conduct an accounting to determine said damages;
- F. Said damages be increased to three times the amount found or assessed;
- G. Plaintiffs be awarded their reasonable attorney's fees and their costs and disbursements in this action; and
- H. Plaintiffs be awarded such other and further relief as this Court may deem just and proper.

**Jury Trial Demand**

Plaintiffs hereby demand a trial by jury on all issues so triable herein.

Dated: October 31, 2001



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