

# DGC

JUNE 2011 #43

WebMoney  
Payments  
Connect  
The  
World



## **WEBMONEY TRANSFER P2P CREDIT SERVICES**

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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DGC magazine

ISSN 2159-791X

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# 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.

If you would like to become a member of the Dinar People Network then follow the link below and sign up today!

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

### Free & Easy

Joining the Dinar People Network is free and easy. Dinar People Network will connect you to other users of the Islamic Gold Dinar and Silver Dirham, opening doors of opportunity for both B2B and B2C global trade and commerce. The Network also provides you with some powerful tools to strengthen your understanding and position in a fast changing world economy.

### Network Features Include:

- Online global directory of all members
- Resources for halal currency and trade
- News and articles on current affairs
- B2B and B2C real-time online market place
- Viewable video and image bank
- Upcoming events Calendar
- DP Monthly Magazine
- Live member chat
- Personal 'My Page' for every member.
- Member groups with discussion post
- Personal 'Blog Page' for every member
- Important updates and info via e-mail

**PAUL ROSENBERG**

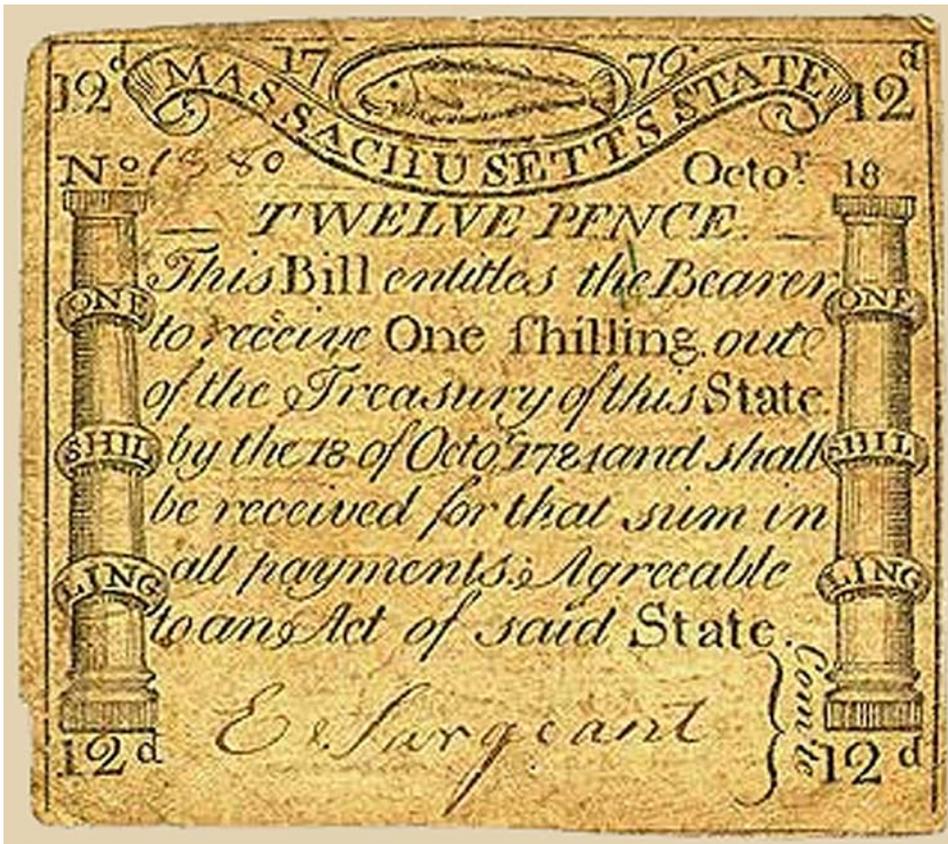
# Rebel Money



**I**t is an interesting historical fact that the people who take part in serious rebellions very often coin their own money; not just when the rebellion concludes, but as it starts.

As it turns out, there is now evidence that silver half shekels, like the one pictured above, were actually minted on the Temple mount during the Jewish Rebellion of 66-70 AD. (I only know this because

the wonderful Biblical Archaeology Review included an article on the subject in their March/April 2011 issue.) But, this situation was hardly unique; there have been many rebellions that have very



stance (if millions of people wish to be ruled by a state, it's not right of us to rip it away from them), and it is the right strategic stance. But if things ever proceed in the pattern of the American revolution, the states would have a problem: Digital currency is generally built with strong crypto; paper currency is not.

Just about every serious war includes the belligerents counterfeiting each other's currency. In modern times this is done by duplicating paper notes, but in eras past it was done by producing coins that had lots of cheap lead in them, rather than valuable silver. In both cases, massive inflation was the result, disrupting the enemy's production of weapons and logistic supplies.

All that said, conflict is not good for anyone and probably not necessary in even most of the extreme cases. As it looks now, the moral peripheries of the world's Establishment Units are waking up to the evils of fiat currency and the virtues of honest money.

Our digital gold currency is indeed rebel currency, but we are moral and economic rebels, not physical rebels. Let's keep praying that it never gets close to that.

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

quickly issued their own currency. Here is Massachusetts currency from 1776, issued early in the American Revolutionary War: (above)

The primary reason that rebels create their own currency is that monetary control is far more of a force than many people realize. Baron Rothschild was not being overly flamboyant when he said "give me control over a nation's money supply and I care not who makes their laws." Being able to manipulate a money supply is a fantastic power, affecting every part of an economy. If you know in advance that the money supply will go up (diluting its value) or contract (concentrating its value), you immediately gain a massive advantage over everyone else... and you can target this advantage to help or hurt almost anyone you

choose.

Because of this, the rebel group that is tied to their opponent's money supply has nearly lost before the battles begin. The more intelligent rebels learn this quickly.  
 AND US?

The funny thing about the digital currency business is that we are unwilling rebels; interestingly enough, a lot like the early American rebels. None of us are trying to attack any of the OECD operators; we merely wish to be left alone to produce and use better money.

As much as we complain about the state agents that attack our business, I'm not aware of any of us that are particularly interested in attacking the state. This is the right moral

# Borrowing & Lending Online with the Webmoney Debt Service

WebMoney has created effortless P2P lending.

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

## NEED A LOAN?

Global leader WebMoney Transfer offers a robust system of online credit payments. Known as WebMoney “Credit Transactions” these payments may be used by any WM-customer to buy goods and services or to provide credit financing for other users. The terms of a loans, including the credit amount and period, are automatically fixed in the WebMoney history log for both creditor and debtor. Additionally, each transaction is monitored for a timely repayment.

Set the amount and terms then find a lender. (\$500 max.) See the image below.

Tenders / Borrow

Here WebMoney Transfer users can borrow and lend WebMoney

[view all tenders](#) Attention! The Service doesn't act as a party to your borrowing/lending transaction and cannot guarantee its repayment. You perform all activities at your own will, taking all risks arising hereto.

Get a loan Grant a loan

Please indicate loan parameters that you want to receive and we will locate appropriate offer:

Amount:  WMZ

Repayment period:  days

Interest rate:  %

You are planing to get a loan of 100 WMZ for 30 days with interest rate 5% (60.8333% per year, 5.0000% per month, 0.1667% per day); amount due for repayment 105.00 WMZ

We found 10 offers, that suit your search. The best of them are shown below.

Amount	Period	% per day	Notes
10.00 - 100.00	10 - 31	0.04	
1.00 - 1000.00	1 - 120	0.05	
5.00 - 250.00	1 - 90	0.09	<a href="http://wmtake.ru/">http://wmtake.ru/</a> - Кредиты и лимиты доверия. Возьмите 3 кредита через ...
1.00 - 100.00	1 - 90	0.09	<a href="http://wmtake.ru/">http://wmtake.ru/</a> - Кредиты и лимиты доверия. 1. Формалки лесом - в...
100.00 - 3000.00	20 - 90	0.1	Персональный аттестат. BL от 100. Рассматриваю только серьезные...
10.00 - 5000.00	10 - 360	0.1	Предоставляем займы для личных нужд, процентная ставка от 2% до 0.1% в...
1.00 - 100.00	1 - 60	0.1	Лимиты и кредиты для личных нужд, 0,1-2% в день. <a href="http://wmtake.ru/">http://wmtake.ru/</a> 1...
1.00 - 450.00	1 - 360	0.144	
5.00 - 300.00	3 - 30	0.15	
100.00 - 1500.00	30 - 45	0.15	Займ под залог долей публичных БА. Минимальные требования: Аттестат, BL,...

[create your tender for a loan](#)



# 123 Sector

✓ Seamlessly Encrypted Offshore Internet Connection

✓ Keep your data yours

✓ Bottom low 7-day trial VPN prices.



Consider protecting your private and business sensitive information from being intercepted by not-always-so-benevolent people. If you travel frequently, or maybe not so frequently, you are probably a Wi-Fi user.

Did you know that most Wi-Fi hot spots are non-encrypted Wi-Fi networks, which can be infiltrated by outside persons from a distance? Visit our website and learn about the ultimate solution you want to have.

From the WebMoney site, this graphic is a nice sliding scale tool that helps lenders find borrowers. If you need a loan, you set the terms and see what funds are available from each individual user. If you have money to lend and want to earn interest, you set the terms and wait for a borrower. Of course, there is no FDIC in Russia and it should be clear that these loans are not guaranteed by any central authority. These are person 2 person transactions.

Anyone granting a loan may also want to set an acceptable level of identification for that borrower. Screening potential borrowers starts at the standard Alias Passport level and progresses on up to the users providing the most disclosure -- called the Merchant Passport.

Because these loans can encourage and stimulate business for online retail companies, this type of "in house financing" structured through WebMoney's credit services has become very popular. By offering customers the ability to "buy now, pay later", the lending e-business expands its market to include all interested customers regardless of their current cash resources.

One of the most attractive reasons for making a loan is the ability to help finance your own business customers. Many customers want to do business at different times during the month but may not have the funds available. This WebMoney credit service permits uninterrupted business through any customer's fund shortages. Credit payments may also help a company to restock a business with additional merchandise while waiting on the clearance of other incoming payments such as credit cards. The ingenious WebMoney system automatically keeps track of financed amounts, financing periods, payment history, and repayment of credit.

The ability to offer this in-house credit is an exclusive opportunity available only to users of the WebMoney system. This direct P2P connection between "known" WebMoney account holders greatly simplifies the procedure of establishing trust between a business and its customers.

Please note that WebMoney does not directly participate in the financing. The WebMoney system only

provides the software platform for the P2P loan and other various type of credit transactions.

## WEBMONEY CREDIT SERVICES OFFER MANY BENEFITS.

### **Expanding customer base**

Offering customer financing allows e-commerce businesses to significantly expand their customer base. Providing credit to customers also attracts Internet users that may not have a credit card or have not yet had the opportunity to shop online. Issuing credit is the perfect financial vehicle to attract new online shoppers.

### **Transitioning from "free" to "paid" services**

Customer financing can become a key transition instrument for an online business that started out as a free service but is now facing the necessity of becoming a profitable enterprise.

### **Establishing new markets**

Credit helps to overcome price objections from potential customers. Offering that new customer a line of credit generates a wider appeal and attracts new customers because the service becomes affordable to a much larger consumer base. Credit can bridge the gap for a new product and speed up that process of building a loyal customer base.

### **Overcoming the distrust barrier**

Many potential customers pass through an online store or catalog only browsing without making a purchase. The first time buying from an online store, new customers are often unsure if their goods will even arrive. Credit lending helps to overcome this insecurity. Upon receiving the ordered goods, that new customer is satisfied with that first experience, happy to re-pay the credit and generally becomes a return customer. The issuing of credit can be critical for making that first sale. By financing its own customers, an online business builds a level of trust with each customer. The extension of credit underscores the business's own financial stability and trustworthiness. The WebMoney credit system is used by the most reputable and stable businesses online businesses.

WebMoney's debt service is an online tool for managing debt relationships between members. All loans

are denominated in WMZ which is the U.S. Dollar unit. Before lending funds to another user, that account holder must first set a trust limit for the potential borrower. Here are some details of the trust limit which represents an offer for concluding an “Agreement for the Loan of Title Units” on the these conditions:

- \* maximum loan amount;
- \* maximum disbursement period;
- \* the manner of credit repayment;
- \* daily rate of interest for funds usage;
- \* purse number from which funds will be granted.

The addition or alteration of any of the these trust limit terms requires a mandatory confirmation on the part of the borrower that he or she agrees to the terms of repayment.

After a first loan transaction, an open trust limit remains in effect indefinitely for these users. The value of the TL is directly proportional to the number of correspondents who have granted a trust limit, the amount of funds trusted to him/her, and maximum disbursement period. The trust limit value can serve as a sort of credit rating and perhaps could be used to gauge a level of the trustworthiness for that user.

WMC is the WebMoney Transfer title unit that is a USD/WMZ equivalent for credit transactions. This is the C purse in the Keeper software.

A WMC purse is used to keep a record of received credits and for this reason, a user may only have one WMC purse and never delete it. It stands as a record for that user’s credit history. WMC title units are technically promissory notes (obligations to transfer a respective number of WMZ title units by a maturity date) to creditors of the WMC purse owner. The number of units in the WMC purse corresponds to the number of WMZ units that must be transferred to pay off that loan. The C purse transaction history stores records of promissory notes issued to creditors.

WMD is another title unit of the WebMoney Transfer system that is USD/WMZ equivalent for credit transactions. The D purse is used to keep a record of received credits and like the WMC purse, a user can only have one and may never delete it.

### **Credit repayment**

If the loan is a good one, credit repayment should be the final part of any WebMoney credit transaction. Loans can be repaid in part, in full, ahead of schedule or even at the very end of the Loan Period. All debt paid back to the originating loan purse must only come from the borrower’s loan purse...no third party transactions are possible. If there is not enough money in the original purse, funds will be taken from the user’s other purses.

When the borrower has cash reserves again, the repayment of that loan is a very simple process. The borrower opens up the transaction history of the WMC purse and selects one of the existing loans. Clicking “Repay credit” inside this purse begins the repayment process. The specified amount of WMZ is then transferred from debtor to creditor, and the amount of that exchange is automatically adjusted in WMD and WMC. The actual funds are transferred dollars (WMZ purse) and the WMD & WMC purses keep track of the payments and receipts. The C & D purses provide the bookkeeping element of a credit transaction.

If you fail to repay your debt within the specified loan terms under the credit transaction, WM Keeper software will render your account frozen and you lose the ability to send or receive any funds. If you default on a loan, the only possible transactions after a default in this frozen account is repayment. Once that loan is repaid, the account will then become active again.

Credit can only be considered repaid using the C and D purses. If a user makes a casual loan from the WMZ purse and does not use the WMC and WMD resources in the Keeper software the system does not consider it a loan nor a repayment. All loans must be registered through WMC/WMD purses. All trust transactions are registered at the Paymer Service, Paymer e-checks having legal force and can be used/presented at court.

See tool:

<http://debt.wmtransfer.com/ChooseLoanParam1.aspx>

For more information also see Debt Mart:

<http://wiki.wmtransfer.com/wiki/show/Debt+Mart>

# 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.*



**\*Professional Strength Internet Anonymity\***

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



Image by Joe Rice

# GATA URGES PAUL TO PROBE FED'S GOLD SWAPS; HE TELLS CNBC HE WILL

May 25, 2011

Dear Friend of GATA & Gold:

Yesterday GATA Chairman Bill Murphy and your secretary/treasurer met in Washington with U.S. Rep. Ron Paul, R-Texas, chairman of the House Subcommittee on Domestic Monetary Policy and Technology, and two of his staff members. We reviewed GATA's work and the information produced by our recent successful freedom-of-information lawsuit against the Federal Reserve and urged him to press the Fed for accountability, particularly in regard to its manipulation of the gold market, its involvement with the U.S. gold reserve, and its secret gold swap arrangements, the latter admitted to GATA by Fed Governor Kevin M. Warsh as we began our litigation in 2009: <http://www.gata.org/node/8192> Paul told us that he planned to

address these issues at hearings of his subcommittee in June on legislation to audit the U.S. gold reserve, and he elaborated this afternoon in an 11-minute interview with CNBC. Paul told CNBC:

"I'd sort of like to see how much gold is actually there and whether we've made any agreements to loan out our gold or sell the gold, because there's a lot of questions about that. As a matter of fact, I'm going to have hearings on having a true audit of the gold, and they're very, very resistant to that. But if the gold is all there and there are no attachments to the gold, what's the big deal? Why shouldn't the people know that it's there?"

Paul added in the CNBC interview that his broader objectives include getting the Fed out of central economic planning, getting the United

States out of its fantastically expensive foreign military adventures, and allowing people to keep more of the fruit of their labor.

GATA will be providing information to Paul's office for possible use in interrogation of the Fed.

You can watch CNBC's interview with Paul at its video archive here:

<http://video.cnbc.com/gallery/?video=3000024141>

CHRIS POWELL, Secretary/  
Treasurer  
Gold Anti-Trust Action  
Committee Inc.

*Image by Joe Rice*

[http://www.flickr.com/photos/longest\\_q\\_skeleton/](http://www.flickr.com/photos/longest_q_skeleton/)  
<http://www.longestqskeleton.com/>

# 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



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Federal Reserve Bank of Richmond  
Richmond, VA

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MANCHESTER, CT 06043-7541

  
Authorized Signature

⑈0000 20 7 56 5⑈ ⑆0 5 10000 33⑆ 2 204000 10⑈

# FOR ILLEGALLY WITHHOLDING GOLD INFORMATION, FED PAYS GATA

The Federal Reserve System this week paid GATA \$2,870 in attorney's fees and costs for illegally withholding a gold-related document GATA sought in its federal freedom-of-information request and lawsuit against the Fed in U.S. District Court for the District of Columbia.

While the judge in the case, Ellen Segal Huvelle, allowed the Fed to withhold most of the gold-related documents GATA sought (<http://www.gata.org/node/9560>), the document she ordered disclosed, the minutes of a secret meeting of the G-10 Gold and Foreign Exchange Committee in April 1997, showed Western central bankers conspiring to coordinate their gold market policies:

<http://www.gata.org/node/9623>

GATA's freedom-of-information request also elicited an admission from a member of the Fed's Board of Governors, Kevin M. Warsh, that the Fed has gold swap arrangements with foreign banks and insists on keeping those arrangements secret:

<http://www.gata.org/files/GATAFedResponse-09-17-2009.pdf>

From what GATA's case extracted from the Fed and from what the case showed the Fed was determined to keep secret, it now has been established on the official record that the Fed and likely the U.S. Treasury Department too are heavily involved in surreptitious action to suppress the gold price. Thanks to GATA, financial journalists now have plenty of documentation to pursue the story of gold price suppression:

<http://www.gata.org/taxonomy/term/21>

All they need now is the courage to pursue it. GATA continues to approach many news organizations to urge them to pursue this story. A letter from the Fed's associate general counsel, Katherine H. Wheatley, to GATA's lawyers, William J. Olson and John S. Miles of William J. Olson, P.C., of Vienna, Virginia

(<http://www.lawandfreedom.com/>), conveying the check for the attorneys' fees and costs, has been posted here: <http://www.gata.org/files/FedLetterLegalCosts.jpg>

A copy of the Fed's check payable to GATA has been posted here:

<http://www.gata.org/files/FedCheckLegalCosts.jpg>

Of course the attorneys' fees and costs paid to GATA by the Fed are just a small fraction of the total costs incurred by GATA in the case. To cover those costs, to explore more legal action against the Fed and other government agencies, and to continue its work generally, GATA is always grateful for financial contributions, which are federally tax-deductible in the United States: <http://www.gata.org/node/16>

## Recommended Exchanger



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- » trusted by thousands since 2006
- » best rate to buy/sell/convert e-currencies
- » very fast processing

<https://www.SwapGold.com>

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



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

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

### 1 We are legal & reputable

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

### 2 We are experienced & efficient

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

### 3 We value your privacy & security

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

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

<http://www.swapgold.com>

<https://www.swapgold.com>

# GoldMoney Passes \$2 Billion USD Value in Customer Holdings

Congratulations to Mr. James Turk and the team at GoldMoney.com.

From the GoldMoney.com web site we can read:

**Safeguarding over US\$1.9 billion of precious metals & currencies owned by 18,823 customers as of 31 May 2011.**

However, in a June article for PYMNTS.com, part of their Innovator Series Briefing Room, James Turk tells readers that GoldMoney is now managing more than \$2 Billion in customer holdings. In that article, Mr. Turk states,

**My crowning achievement is... Founding GoldMoney, which is growing rapidly and now safeguards over \$2 billion of assets owned by 18,300 customers located in 87 countries.**

Read that great article and profile here:  
<http://www.pymnts.com/Will-GoldMoney-s-Business-Model-Have-the-Midas-Touch/>

###

## Illinois Enacts Online Tax Law

Illinois Governor Pat Quinn signed the Main Street Fairness Act into law, requiring all online retailers with a business presence in Illinois to collect and remit state sales tax for every online purchase made in the state.

<http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1544>

## E-GOLD VALUE ACCESS PLAN GOVERNMENT FORFEITURE ACTION

FOR IMMEDIATE RELEASE  
June 03, 2011

[Melbourne, Florida, US] – e-gold Ltd (“EGL”) is pleased to announce an important step taken today in the process it initiated to provide e-metal account holders with access to the value in their accounts.

EGL originally contacted the government in 2009 and offered to assist it in recovering proceeds from criminal activity believed to be engaged in by certain third-party account holders while at the same time ensuring the return of value to qualified account holders. This dialogue culminated in the development of a Value Access Plan (“VAP”) acceptable to EGL and the government.

Pursuant to the terms of the VAP, the government filed papers today to initiate the forfeiture of the value of all e-metal accounts, an important first step in the process of returning value to the e-metal account holders who satisfy certain specified requirements. The VAP provides a process to facilitate the forfeiture of proceeds of criminal activity in which certain third-party account holders are alleged to have been engaged. The VAP also sets forth a process to enable the return of value to e-metal account holders not alleged to have been involved in any illicit activity if they comply with EGL’s Customer Identification Program (“CIP”) requirements. The filing of today’s civil action marks an essential step in winding down the current e-metal system.

Further details of the VAP process will be posted on the EGL website as they are implemented.

<http://blog.e-gold.com/>

# FORFEITURE COMPLAINT FILED AGAINST ACCOUNTS MAINTAINED BY E-GOLD, LTD, TRACEABLE TO CRIMINAL OFFENSES

FOR IMMEDIATE RELEASE

June 3, 2011

Baltimore, Maryland - A civil forfeiture complaint was filed today for the forfeiture of the value of all e-metal accounts recorded and maintained by e-gold, Ltd (EGL ), a company that was engaged in the business of exchanging traditional forms of currency for precious metals held in electronic form (“e-metals” or “e-gold”) and settling payer initiated transfers of e-metals from one customer account to another.

The forfeiture was announced by United States Attorney for the District of Maryland Rod J. Rosenstein and Special Agent in Charge David Beach of the United States Secret Service – Washington Field Office.

According to the affidavit filed in support of the forfeiture complaint, in 2008, EGL pled guilty in the District of Columbia to operating an illegal money transmitting business. As part of its plea agreement, the company agreed that the value of all of the e-metal accounts remaining on its books were subject to forfeiture and agreed to identify any customer e-metal accounts that contained funds traceable to criminal activity. The company has fully cooperated and has identified a long list of e-metal accounts containing funds traceable to criminal offenses including child pornography, credit card fraud, identity theft, investment fraud, and the sale of stolen or non-existent goods on the internet. Over \$19 million has been previously seized as a result of the criminal investigation. This complaint seeks the remaining funds located in 609 accounts, estimated to be worth approximately \$8.6 million.

According to the affidavit, in 1996, EGL began offering e-gold as a digital currency, a medium of exchange offered over the Internet that is purportedly backed by precious metals and offers users a means of conducting the transfer of funds on-line. Digital currencies are generally marketed as offering global acceptance without the need for conversion between national currencies, and are valued at fluctuating rates tied to the price of a particular precious metal, especially gold. Digital currency is used for on-line commerce or for funds transfers between individuals for private purposes. In general, an EGL customer opened an e-gold account, and then could use the Internet to transfer the value in his or her account to any other EGL customer anonymously and instantaneously anywhere in the world. The recipient could then redeem the e-gold for any national currency. Because of the ease with which customers could purchase and transfer e-gold anonymously, outside of the confines of the traditional banking system, trading in e-gold became popular among persons looking for a way of laundering criminal proceeds and/or transferring criminal proceeds to third parties. In particular, e-gold was widely accepted as a payment mechanism for transactions involving credit card and identification fraud, high yield investment programs and other investment scams, and child exploitation. E-gold was not widely accepted by large or mainstream vendors.

United States Attorney Rod J. Rosenstein praised the U.S. Secret Service Washington and Orlando Field Offices and the SCIRS-SS Task Force for their work in the investigation. Mr. Rosenstein thanked Assistant United States Attorney Stefan Cassella, who is handling the civil forfeiture for the government.

FOR FURTHER INFORMATION CONTACT

AUSA VICKIE E. LEDUC or MARCIA MURPHY at 410-209-4885

<http://www.usdoj.gov/usao/md>



WebMoney Keeper Mobile - Stay Paid. Be Mobile.

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

# CYPHERPUNK'D RADIO PROGRAM

AgoristRadio <http://agoristradio.com/>

*Your host Hiro White explores the second realm of digital cash and more. Daily broadcasts from 11am - 12pm and podcasts are always available.*



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## **Cypherpunkd Episode 028: "Truledger: An Anonymous Digitally Signed General Ledger and Trading System" – Intro and Walkthrough – Bill St. Clair**

Bill St. Claire of the great <http://billstclair.com/blog/> and author of the Truledger Anonymous Digitally Signed General Ledger and Trading System joins us for an Intro to the System and a walkthrough where we cover many aspect of the system. We discuss the client software, the servers. Digital Signatures, Coupons, destruction of account history. Lisp, multiplatform binaries, the future for iphone and android. How to run a Client, a Multi-user client and more. Very informative and interesting. <http://agoristradio.com/?p=350>

## **Cypherpunkd Episode 038: "Voucher-Safe P2P Digital Cash – Problems it Solves, Problems it does Not" – Justin of Voucher-Safe**

Justin from Voucher-Safe is back to discuss some Problems that Voucher-Safe is out to Solve, and some things that it has no interest in solving, namely the "better money" problem. Listen in to hear what Justin has to say about this. Also discussed are some early history of pre-internet days when the feds cracked down on an early barter network that exchanged warehouse receipts... Interesting stories... <http://agoristradio.com/?p=433>

## **Cypherpunkd Episode 025: "Intro to Community Currencies: Mutal Credit, LETS, Timebanks, Software, Solutions, Legal Issues and the Future" - Matthew Slater**

Community Currency Engineer Mathew Slater joins us to tell us about his Mutual Credit system. Some history and how Mutual Credit differs from LETS and Timebanks. His Drupal Module for Mutual Credit and the Community Forge project to provide a complete "Community-in-a-Box" system for users, messaging, forums, and an integrated community currency system. We cover some of the legal issues some of these systems are facing due to competition with traditional bankster/government monopolies. <http://agoristradio.com/?p=338>

## **Cypherpunkd Episode 015: "Bitcoin Mania Part 2" - The Bitcoin API – mids**

Cypherpunk mids is back in black to show us how to fill up our piggy-banks using the Bitcoin API. We discussed how to access the API using XMLRPC-JSON and via the command line. What a best practice would be for programming a "shopping cart" or in/out exchange system to a hypothetical Poker Gambling website accepting Bitcoin. mids also gave some bitcoin factoids and rumors at the end of the show.

<http://agoristradio.com/?p=263>

## **Cypherpunkd Episode 013: "Loom for Geeks Part 2 - The Loom Grid API" - Patrick Chkoreff**

Patrick joins us again to give us the low down on the Loom Grid API. We go over how one would use the API to create a shopping cart. To create a sweep system to clear out temporary locations used in the public facing cart. SSL/TLS connection checking with the backend. Test code in perl to see how the API works. How to do atomic transactions with many moves/api calls. Any programmer listening to this will have a very clear way to integrate loom into any payment gateway, shopping cart, market system, anything that would need to accept Loom payments Into, Out from, or Inside of the Loom system. <http://agoristradio.com/?p=249>

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# Liberty Dollar's Arrogance Ends in Federal 'Guilty' Verdict

by Rob Gray

## A title like that requires a LOT of explanation and background.

First, let me say that it does not please me to write (or publish) this article. I'm not an "I told you so" kinda guy, and I do not derive pleasure from seeing others struggle, fail, run into bad luck, or fall short of happiness in any capacity. In fact, I am concerned that my opinion may make the appeal for Bernard von Nothaus that much more difficult (not to mention a future trial). But as I monitor the wires and read the various opinion articles floating around the 'net, I fear more for the fate of the honest money movement and our mission than the pioneer that helped bring it all together. In fact, I think it's time that Bernard starts to take some responsibility for his actions.

I see daily stories about how the government is planning to use the Liberty Dollar trial to crack down on competing currencies. Obviously, as the Executive Director of the American Open Currency Standard, I took quite an interest in all of the events that transpired between the '07 raid and now, and was VERY concerned about how the result would affect groups like us. Given the history between me and Bernard, I was surprised to see my name show up on the list of witnesses for the defense.

Second, kindly note that I had the fortune of learning about the Liberty Dollar because of the '07 raid, and had a unique opportunity to implement from the very beginning solutions and modifications based

on what I learned was the justification for the raid. I read and re-read the court docs and warrants to gain as much perspective on why the government was cracking down on the Liberty Dollar. When I joined the project as a Regional Currency Officer, I lobbied hard to see several components changed to avoid continued interference from the government. When it became clear that my suggestions fell on deaf ears, I left.

When I started the American Open Currency Standard, 3 basic principles were established to avoid trouble:

- create medallions that don't look anything like coins produced by the government (past or present)
- do not denominate the coins in DOLLARS, or use phrases or symbols used on legal tender coins (\$, "In God We Trust" or any variation



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thereof)

- do not suggest, condone or tolerate the spending or circulation of the medallions anywhere other than our own private MarketPlace, where business owners knowingly and willingly accept the barter tokens as a private form of trade

To date, the American Open Currency Standard, our partners, affiliates and supporters enjoy the freedom to carry on our trade with no issues. Now, that's certainly not to say that they won't kick in my door, take my property and leave me wondering what I did wrong. It's also not to say that they won't dream up some statute or code in the future, branding our version of honest money 'illegal' and dragging us through the mud in a similar fashion. I will never underestimate the federal government's ability to get things done when they're on a mission. So, I'm not arrogant to the point of delusion.

When Bernard's guilty verdict was returned, I was half heart-broken and half pissed-off. Bernard knew that his trial meant a lot to me and the AOCS, and yet he failed to call on me as a witness. In fact, of his originally scheduled list of nearly a hundred expert witnesses, only a handful ended up testifying; some had schedule conflicts, while others, like myself, were not called upon to take the stand. Maybe Bernard thought our history and my opinion of his strategy would be more negative to his defense than positive, or maybe he thought the case was a sure win for him and it wasn't necessary to drag it out any longer. Either way, I was disappointed to not have a chance to affect the outcome.

Within a day, my email and voicemail inboxes were flooded with requests to learn of my response to the verdict. And now that I've had ample time to collect my thoughts and develop an opinion, I've decided it important to share my insight to [hopefully] get the discussion back on track and maintain confidence in alternative and complementary currencies. And with that, here we go...

### **Liberty Dollar Trial (in a nutshell)...**

Bernard von Nothaus was charged with counterfeiting, fraud, aiding and abetting and

conspiracy. I do not believe at one point the prosecution was able to prove their case on any of the charges. I've been to court a few times, and I've experienced myself that the jury has a strange tendency of filling in the blanks themselves when it comes to connecting the courtroom drama with the charges. For me, it usually goes like this:

***“Ladies and gentlemen of the jury, the prosecution charges me with violating section xxx.yy of the Texas Transportation Code. If I were the prosecutor, I would have actually read you what that section of the code says. On the other hand, the judge will not even allow me to enter that section of code as evidence, probably due to the fact that if you read the code, word for word, a reader would quickly reach a common conclusion that section xxx.yy does not apply under the present conditions.”***

So even though the charge was made for counterfeiting, fraud, aiding and abetting and conspiracy, I see little or no reference to when, where or how the prosecution proved Bernard actually violated the “law”. There are a lot of components to a charge: proving the defendant is the person in question, proving that the defendant had a method and opportunity to commit the crime, and that he/she did so with willful intent. It's a little more complicated than just “this is what we think the person did wrong, do you agree?” I don't believe the prosecution proved their case.

Setting aside the issues of fraud, aiding and abetting and conspiracy, the majority of the case focused on counterfeiting as regarded by US Code Title 18 Section 486:

***“Whoever, except as authorized by law, makes or utters or passes, or attempts to utter or pass, any coins of gold or silver or other metal, or alloys of metals, intended for use as current money, whether in the resemblance of coins of the United States or of foreign countries, or of original design, shall be fined under this title [1] or imprisoned not more than five years, or both.” – USMint.gov Website***

Most people think of counterfeiting as the act of



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making “fake” money. However, consider for a moment that it’s perfectly legal to create an exact replica of past or current coinage, so long as the word “COPY” or “REPLICA” is clearly marked on the duplicate. Many mints entire business operations revolve around the process of creating copies of US currency. While I’m certainly not suggesting it is ok to fire up your color ink-jet printer and make copies of twenty-dollar bills with the word “COPY” on it, the point is that 486/18 includes a requirement of intending or using the replication as “current money”.

Much of the trial focused evenly on two things:

- the design of the Liberty Dollar, which was accused of sharing many common elements with existing “current money”
- the circulation of the Liberty Dollar, which was accused of being intended to circulate alongside (and in competition of) “current money”

Although 486/18 doesn’t actually require the Liberty Dollar medallions to be similar to that of US coins to be in violation, it sounds like it must be used intentionally and specifically used as current money. And although US Code does not define “current money”, the government makes it clear that “current money”, “legal tender”, and “coin” are all common terms for government-issued “money”.

Is the Liberty Dollar design confusing? I think so. Is it possible that it can be mistaken for “current money”? Probably. Can something be done to prevent this? Yes, and that’s part of what the AOCs requires for participation.

But the problem is not that, and I think this is why the case turned out as it did. Take a look at the following video of Bernard on the Learning Channel, with a perfect opportunity to show Liberty Dollar to the world.

See Video: <http://youtu.be/eYGDVUub8MjA>

Pay close attention to the clip from 5:23 to 6:04. Set aside for a moment your desires of an accountable government, balanced budget, respect for individual rights and everything else you can’t stand about big (or any) government. Then, ask yourself if

Bernard’s actions in those 2 scenes were done in a spirit of honesty, education or even maybe just a simple miscommunication. From my evaluation, it sure looked as if a Liberty Dollar was passed to an unsuspecting business manager that accepted it thinking it was something else.

Now, take in to consideration the face value of a Silver Liberty Dollar at the time of video’s release: \$10. It’s safe to assume that the actual footage was filmed some time before the Learning Channel clip aired (January 8th, 2004). During the entire year of 2003, the price of silver NEVER passed \$6 per ounce. I think it’s also safe to say that the clip was filmed some time in 2003, though I can’t know for sure. Now ask yourself this question: if you were handed a Silver Liberty Dollar, accidentally mistook it for “current money”, took it to the bank to deposit only to discover that it wasn’t “real money”, and then subsequently learned that it is worth less than 60% of what you expected...how would you feel? Would you be grateful that you had physical Silver in your hands, or would you be bummed that you can’t take it to the bank and use it to pay for your raw materials?

Unfortunately, it doesn’t stop there. Long after Bernard and I parted ways in early 2008 because of our philosophical and structural differences, and long after Bernard had an opportunity to consider my perspective on building a barter marketplace made exclusively of merchants that knowingly and willfully accept the private voluntary barter currency, Bernard gave an interview with Gary Franchi on the RealityReport. Take a look at the clip here:

See Video: <http://blip.tv/realityreport/rr-25-special-edition-bernard-von-nothaus-in-studio-liberty-dollar-2789860>

Pay close attention around 25:00 in the interview (especially 25:50). Bragging that more Liberty Dollars are spent at WalMart than any other business is not a smart move. It’s highly unlikely that the employee accepting payment at the cash register is aware that the Liberty Dollar is a private currency that it is not legal tender and can not be deposited at the bank. With all this spending at WalMart, is it possible that someone has lost his or her job from this oversight? That doesn’t seem to encompass the

spirit of our mission at all.

Barter is not illegal. Community Currencies are not illegal. Minting gold, silver or copper medallions is not illegal. But fraud is fraud. You can dress it up in as much patriotic cloaking and justification as you like, but the net result is still the same: deception is immoral, and the jurors in this trial decided that a crime was committed.

Bartering, community currencies and minting medallions were not on trial in this case. No precedent was set regarding these concepts. It remains the same as it did before the trial, and before the Liberty Dollar was created: perfectly legal and lawful in an environment where both parties participate willingly and knowingly. The outcome of the trial does not change the course of action for the American Open Currency Standard. In fact, it actually makes me feel better about what we're doing and how we're doing it. After studying the trial notes, it's apparent to me that the government can not and will not attempt a case against the AOCS, at least not using the same arguments from the Liberty Dollar trial.

I will always be grateful of Bernard von NotHaus' bravery in creating the Liberty Dollar and drawing so much attention to the issue of the nation's money supply. Without him, there's a good chance the AOCS wouldn't exist and would have not accomplished so much in so little time.

*"You can always tell who the pioneers are: they're the ones with the arrows sticking out of their backs."*

However, I believe it's critical that Bernard take responsibility for his actions, and not paint this as another example of big government crushing anything that looks like competition. We have enough examples of that already and don't need to manufacture more. But, it is critical for us to hold each other accountable to the same standards that we expect our government to follow. There are a few bad apples in the freedom movement, and it is not appropriate to ignore immoral or unethical behavior simply to avoid drawing negative attention to our causes.



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As I wrap up this article and evaluate if it reached its goal, I contemplate whether it's best to stay quiet or to point out what I consider to be valuable insight to help frame what's really at stake in the case of the Liberty Dollar. In the freedom movement, not one of us is perfect. Quite often we make mistakes, and every once in a while we infringe on the rights of others. In my philosophy, I do not believe deception or lying is a valid method to bring people to the truth. Was the Liberty Dollar created to deceive people into honest money? I don't think so. I think that Bernard believes he is doing good for his country, and probably believes that helping put silver in merchants' hands is valuable for all parties. Looking at the "price" of silver now, it's quite certain that over time he is, in fact, probably right.

I believe, however, that there are many other ways to lead our country out of darkness. I'm all for creating fun and unique methods to help introduce our concepts and mission, like the Coin of the Realm project discussed in previous posts. People will always have a higher likelihood of discovering and choosing what's right when it's introduced through a positive and honest medium. Anything else is usually shallow, short-lived and followed closely by resentment and distrust.

In the meantime, I wish the best for Bernard and the

other defendants in the case. I will work diligently to help others see the good they've done for the world to minimize the price they will have to pay. I welcome discussion on this topic, and if you'd like to debate my perspective just let me know where and when and I'll be there.

This article is from the American Open Currency Blog.

<http://www.opencurrency.com/liberty-dollars-arrogance-ends-in-federal-guilty-verdict/>

# JURY RECOMMENDS DEATH FOR JAMES FAYED IN MURDER FOR HIRE CASE

A jury has recommended the death penalty for e-bullion's former operator James Fayed in the murder of his wife Pamela.

Fayed was convicted two weeks ago of murder and conspiracy to commit murder.

Prosecutors are now seeking the death penalty in the case.



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# **“Moneychanger” -- New Open Transactions GUI!**

*Hi all, It's your buddy, Fellow Traveler. I do have some big news for you guys!*

## **GRAPHICAL USER INTERFACE**

Being too impatient to wait around for anyone else to write an Open Transactions client GUI, **\*\*I went ahead myself and PAID someone to do it.\*\*** I call the new GUI: “M O N E Y C H A N G E R”...and I hope you like it! Software and SCREENSHOTS are here, including jar file and Java source code:

<https://github.com/FellowTraveler/Moneychanger/wiki>

The main purpose of Moneychanger is to provide a working GUI implementation against the OT API, to serve as a model for the other developers out there who are building actual OT software (yes they are out there now), and who need to see how the API is actually used in a working model. (Actual end-user GUIs may have entirely different interfaces than Moneychanger, depending on their purpose.)

## **GNU LICENSE RELAXED**

To celebrate the release of Moneychanger, I've decided to LOOSEN THE GNU LICENSE a little bit... The OT-Lib and OT-API (what most developers will actually use) are now under the less-restrictive LAGPLv3 license. The practical result of this is that if you are only using the OT API in your own software, then you don't have to release your OWN source code as open source -- only any improvements made to OT itself. (This is just like the LGPL license. LAGPL is the AGPL, but with LGPL-style relaxed permissions.) The purpose of this is to make the OT-API available to all the developers who otherwise wouldn't have been able to use it, based on the prior requirement to open source their own code, which has now been relaxed.

## **POTENTIAL**

I recently did a radio interview about Open-Transactions on AgoristRadio, you can listen to it here, in two parts: <http://agoristradio.com/?p=234> <http://agoristradio.com/?p=246>

I think this interview does well in describing the system and what it can do--and its potential. Speaking of potential, I think there's a lot of milage to be gained from integration with BITCOIN, which is what I plan to do next. Part 2 of the interview really focuses more on Bitcoin and OT integration. Think about it:

**==> Bitcoin gives OT: A universal “glue” between servers, a network of existing exchangers, and a publicly-auditable reserve currency that cannot be confiscated or shut down.**

**==> OT gives Bitcoin: Untraceable cash, instant finality of settlement, and convertibility in-and-out of other currencies, on OT Markets.**

Open Transactions now has a new class, OTDB::Storage, which will soon be used to refactor ALL storage in OT. Storage does a couple of nifty things...

--- If you subclass OTDB::Storage and implement 4 methods, you can quickly and easily have ANY STORAGE you want (database, filesystem, etc.)

--- I made it so you can even do that through the API. So for example you could create your own Java storage class and then tell OT to use for all of its local storage.

--- You can now create multiple storage contexts, each with its own folder (or “location” if not on the filesystem). This brings us much closer to having multiple users within the same instance of the API. (For those webmasters out there building for OT...)

--- The new storage class also supports swappable PACKERS. So for example, OT already supports MsgPack AND the Google Protobuf libraries. Which one would you like to pack with? It's just a switch you set when you create the storage context.

--- This means it is just as easy to add a new packer, as it is to add a new storage device. If we wanted to start packing with JSON, or if we wanted to start encrypting everything before it is packed, etc, those things are now within the realm of possibility.

**to be continued on page 46.**

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*Even the Zimbabwe Gov knows the US Dollar is crashing :-0*

# **RBZ URGES GOLD-BACKED ZIM DOLLAR**

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

15/05/2011

**T**he central bank says the country must consider adopting a gold-backed Zimbabwean dollar warning that the US greenback's days as the world's reserve currency are numbered.

Government ditched the Zimbabwe dollar in 2009 after it had been rendered worthless by record inflation levels and adopted multiple foreign currencies with the US dollar, the South African Rand and the Botswana being the most widely used.

Finance minister Tendai Biti says the country needs at least six months import cover and a sustainable track-record of economic growth, inflation stability and above 60 percent capacity utilisation in industry before the Zim dollar can be brought back into circulation. However central bank chief, Dr Gideon Gono said the country should consider adopting a gold-backed currency.

"There is a need for us to begin thinking seriously and urgently about introducing a Gold-backed Zimbabwe currency which will not only stable but internationally acceptable," he said in an interview with state media.

"We need to re-think our gold-mining strategy, our gold-liberalisation and marketing strategies as a country. The world needs to and will most certainly move to a gold standard and Zimbabwe must lead the way."

Gono said the inflationary effects of United States' deficit financing of its budget was likely to impact other countries to leading to a resistance of the green back as a base currency.

"The events of the 2008 Global Financial Crisis demand a new approach to self reliance and a stable mineral-backed currency and to me, Gold has proven over the years that it is a stable and most desired precious metal," Gono said.

"Zimbabwe is sitting on trillions worth of gold-reserves and it is time we start thinking outside the box, for our survival and prosperity."

<http://www.newzimbabwe.com/business-5127-RBZ+urges+gold-backed+Zim+dollar/business.aspx>

# CHINA: GOLD DEMAND JUMPS MAY 2011

*Mainland China's private demand to Buy Gold just keeps trending higher...*

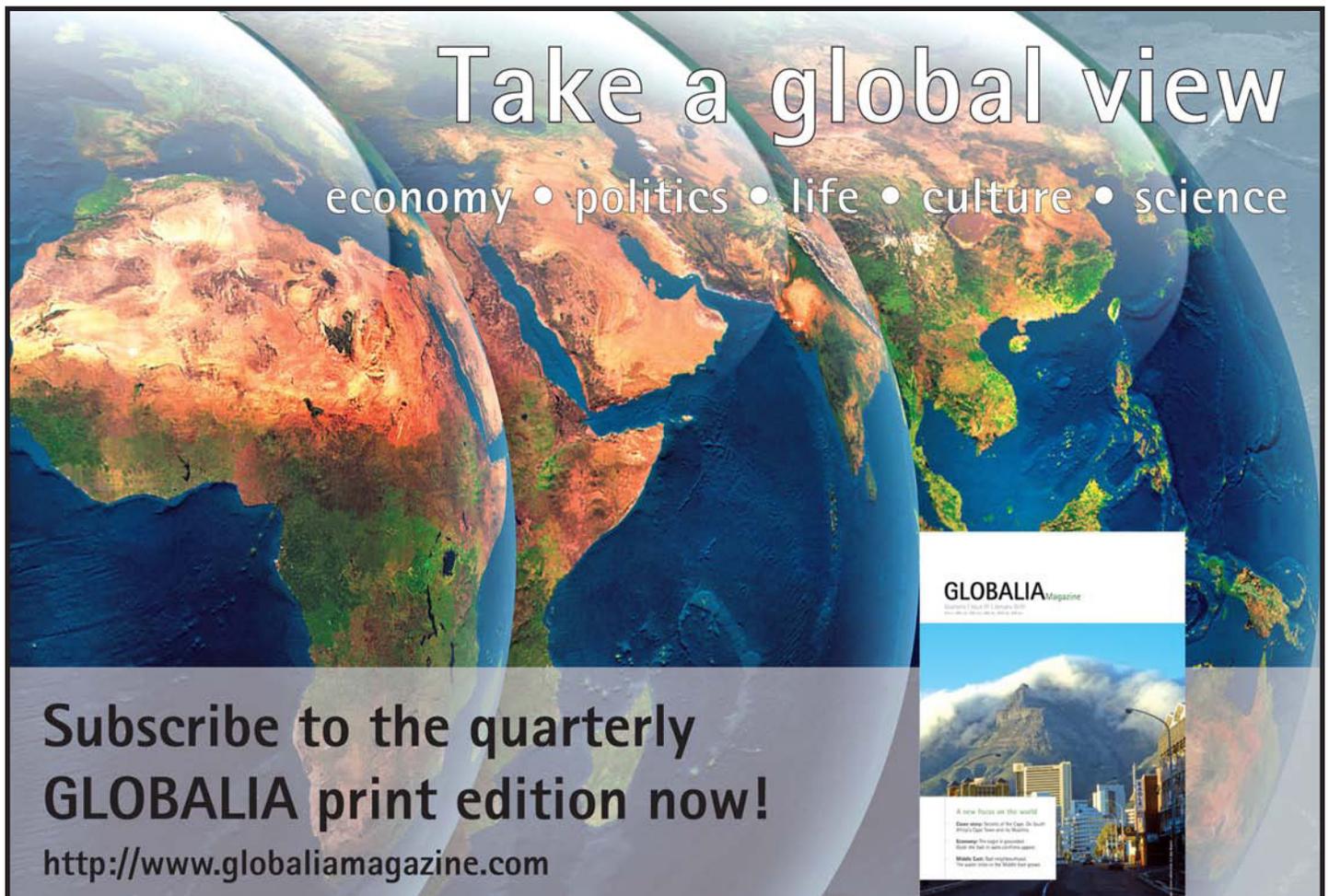
“**IN THE** competition for growing Chinese disposable incomes, gold is very quickly losing market share,” said a London-based analyst in 2004.

Hardly has gold or China looked back since, says Adrian Ash at BullionVault...

China is now 10 years into opening up its gold market – half as long as India. But since nabbing the No.2 spot in terms of private demand in 2005, it's only grown hungrier for gold bullion, despite becoming the world's No.1 mining-producer nation, too.

How much hungrier? Courtesy of the data-fest buried in today's new Gold Demand Trends from our friends at the World Gold Council...

- Just like in 6 of the previous 7 years, Chinese New Year 2011 marked a new quarterly record for private gold demand in mainland China;



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## China's Household Gold Savings



Source: BullionVault, BIS, IMF, GFMS

- In each of the last 3 years, the third if not third-and-then-fourth quarters went onto set new all-time highs again;
- On the new stats, the Chinese New Year saw private mainland demand to Buy Gold equal 0.71% of GDP in the first quarter. That still lags India's huge 2.65% allocation for 2010 as a whole, but compares with 0.47% in Q1 2010;
- In grams per capita, both Indian and mainland Chinese Q1 demand were equal to fully one-half of 2009 demand;
- As our chart shows, an increasing volume of China's increasing savings is being devoted to gold. Yes, the Q1 figure over-states it, because the Chinese New Year marks very heavy demand. But it's plain that substitution for other, more "sophisticated" savings mechanisms hasn't just failed to grow; it's gone into reverse.

That's the first rush from BullionVault's reading anyway. Whether you're long, short or indifferent, it's worth reading the WGC's new report for yourself. Because anyone looking to defend their purchasing power long-term cannot ignore the way emerging Asia is storing an ever bigger chunk of its fast-growing savings.

Source: [http://goldnews.bullionvault.com/china\\_gold\\_051920114](http://goldnews.bullionvault.com/china_gold_051920114)

### **ADRIAN ASH, 19 MAY '11**

Adrian Ash runs the research desk at BullionVault, the world's No.1 gold ownership and trading service. Formerly head of editorial at London's top publisher of private-investment advice, he was City correspondent for The Daily Reckoning from 2003 to 2008, and is now a regular contributor to many leading analysis sites including Forbes. Adrian's views on the gold market have been sought by the Financial Times and Economist magazine in London; CNBC, Bloomberg and TheStreet.com in New York; Germany's Der Stern and FT Deutschland; Italy's Il Sole 24 Ore, and many other respected finance publications.

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# DAVID MORGAN CONGRATULATES GOVERNOR GARY HERBERT ON SIGNING THE UTAH LEGAL COIN ACT

For the first time since 1971, gold and silver will be considered legal tender in at least one part of the United States.

On June 3, 2011, David Morgan, founder of [Silver-Investor.com](http://Silver-Investor.com), will travel to Utah to congratulate Governor Gary Herbert on signing the Utah *Legal Coin Act*. The Governor signed the law on March 25, and it marks the first time since 1971 that *gold* and *silver* will be considered legal tender in at least one part of the *United States*.

What does this mean for Utah residents? Well, the most significant change from a practical perspective is that the Utah now considers gold and silver coins issued by the U.S. Mint as currency rather than an asset, which means that since it is considered money it cannot be taxed at the state level. However, federal taxes still apply on these transactions. The following are some questions asked of David in a recent interview, regarding the Utah Legal Coin Act:

## 1. What is this Utah Legal coin act about?

The Utah Legal Tender Act (HB 317) is designed to reinstate gold and silver coin as an optional medium of exchange in Utah intrastate commerce. The bill recognizes the inherent and inalienable right of citizens to voluntarily employ these time-tested, inflation-proof, complementary currencies to foster economic development throughout the state. The bill draws its authority from Article 1, Section 10 of the United States Constitution which provides that no state shall make anything but gold and silver coin a tender for payment of debts.

## 2. Why do we need sound money?

Because the founders of our nation had experienced first-hand the ills attendant of unbacked fiat currency, they provided in Article 1, Section 10 of the United States Constitution that no state is to make anything but gold and silver coin tender for payment of debts. Unfortunately, we've departed from the wisdom they imparted, and embraced a medium of exchange which has no intrinsic value whatsoever. The value of today's dollar is upheld by governmental edict, backed only by the indebtedness the United States places on its citizens.

There are many instances of historical precedent for a totally fiat money system, such as ours, they never last more than a few decades, prudence dictates that alternative, sound, means of exchange be put in place well in advance of any potential crisis.

Even absent the specter of catastrophic consequences, an alternative sound money system confers many benefits on citizens and state governments alike. Such a system serves as a refuge from the ills fiat money produces, including the insidious "inflation tax" that our current monetary system imposes. Consider that the U.S. dollar has lost more than 95% of its purchasing power since decoupling from gold and silver backing. By contrast, sound money systems of the past continued virtually inflation proof for centuries on end.

## 3. Are there other states that are looking at something similar?

Yes. They include:

- **Virginia House Joint Resolution 557**
- **Georgia Constitutional Tender Act**
- **Ohio Honest Money Project**
- **Idaho Silver Gem Act, Bill No. 633**
- **South Carolina House Bill No. 4501**

- Missouri House Bill No. 561
- Washington House Joint Memorial 4010
- Colorado Honest Money Act (HB09-1206)
- Indiana Senate Bill No. 453
- Montana House Bill No. 639
- New Hampshire Gold Money Bill 1. 1.

**4. Why are the states doing this, and not the Federal Government?**

Because of the co-dependent relationship between Congress and the Federal Reserve, the likelihood of any sound money reform coming out of Washington is remote indeed. Individual states, exercising their sovereign authority, are best equipped to restore sound money to its prior status as a trading currency. So look for a sound money come back on a state by state basis. It makes sense to first support states that are well positioned to make sound money a reality today. Then as the movement gains momentum, reluctant jurisdictions will see the advantages of embracing sound monetary systems

**5. Any place we can get more information?**

For those interested please go to <http://www.utahsoundmoney.org>

Source:

[http://www.widepr.com/press\\_release/13644/david\\_morgan\\_congratulates\\_governor\\_gary\\_herbert\\_on\\_signing\\_the\\_utah\\_legal\\_coin\\_act.html](http://www.widepr.com/press_release/13644/david_morgan_congratulates_governor_gary_herbert_on_signing_the_utah_legal_coin_act.html)



# State in the midst of preparing the third batch of gold dinar and silver dirham

Article from  
Star Publications (M) Bhd  
Malaysia

## PERAK has become the second state after Kelantan to introduce its own gold dinar and silver dirham.

Unlike the Kelantan dinar that are being minted using 22k or 916 gold at a foreign country, the Perak gold dinar was made of gold with a purity of 99.9% (fine gold) or 24k gold and minted by Mariwasa Kraftangan Sdn Bhd, a company based in Kuala Kangsar.

Mentri Besar Datuk Seri Dr Zambry Abdul Kadir said the state dinar and dirham were not being issued as a means for payment.

“The state would abide to all federal laws and regulations governing the issuing of the dinars and dirhams,” he said.

GoldNet International executive chairman Datuk Rais Hussin Mohamed Ariff said the dinars and dirhams would benefit all Perakians irrespective of their religion and race.

“It would provide an opportunity for the public to diversify their investments into precious metals and protecting their savings against inflation.

“The issuing of the dinar and dirham would also create a sense of belonging among the people towards the state,” said Rais.

Rais added the gold dinar and silver dirham worth RM1mil were sold out within five days after the official launch.

He said the second minting worth RM3mil which was opened for sale to the public last month attracted similar response and was almost sold out.

“We are in the midst of minting a third batch worth RM5mil and it would be available early next month,” he said.

The overwhelming response, Rais said, was due to the hike in gold and silver market prices.

He said the public who could not afford to invest in gold dinar, might consider purchasing silver dirham which requires smaller capital.

“The price of gold increases 10% every year since the last 10 years while the price of silver has been increasing 12% more as compared to gold.

“So, those who invest in silver dirham would also stand to reap good returns in the long run,” he added.

The Perak dinar and dirham with a purity of 99.9% comes in four denominations, namely half a gold dinar weighing 2.125gm and priced at RM345, one gold dinar weighing 4.25gm and priced at RM690, two gold dinars weighing 8.5gm and priced at RM1,380 and a set of silver dirhams priced at RM260.

The face of the dinar and dirham is printed with the Perak state emblem while the back is similar to the one issued by the fifth caliph of the Umayyah period, Khalifa Abdul Malik ibn Marwan, in the year 75 Hijrah.

Source: <http://thestar.com.my/metro/story.asp?file=/2011/5/23/metroparak/8585874>

***Selling fast: The gold dinar and silver dirham are hot commodity.***





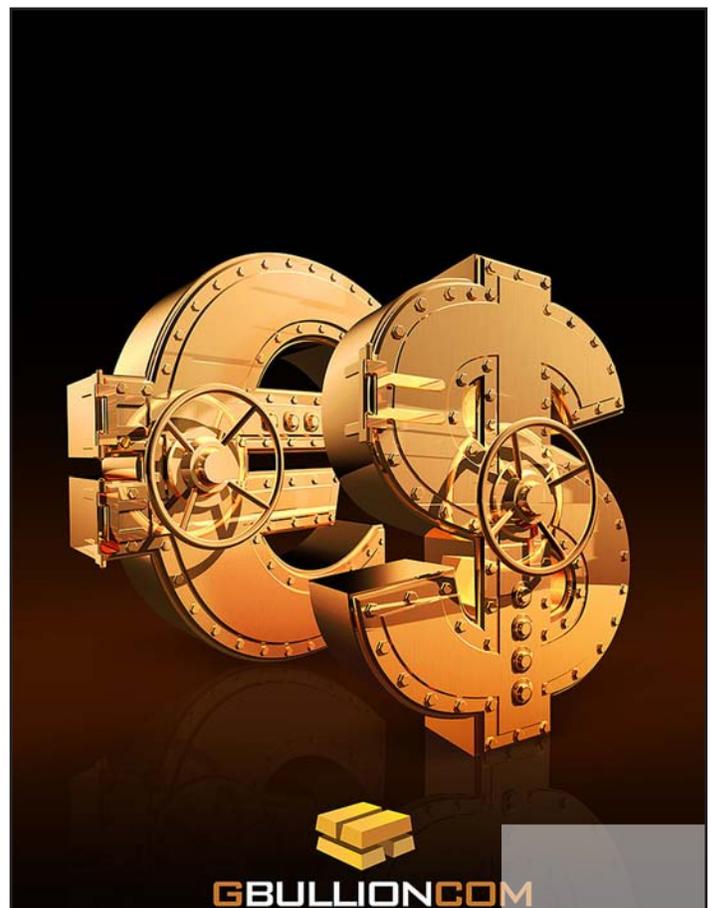
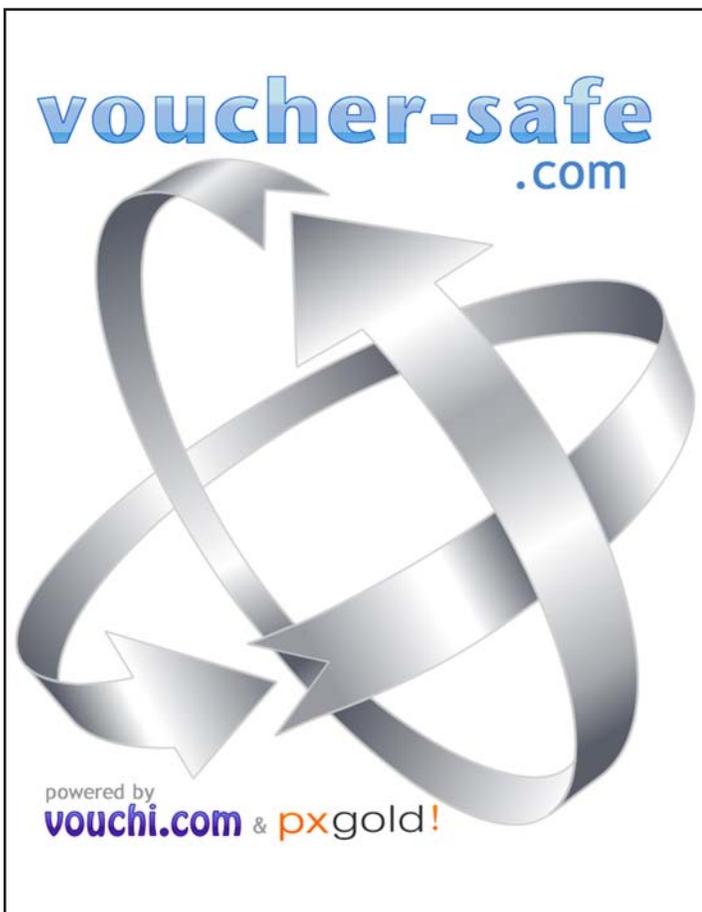
## PorcLoom *Anonymous asset exchange*

PorcLoom is an anonymous digital online asset trading system intended for liberty activists in New Hampshire. <https://porcloom.net/>

PorcLoom makes use of standard cryptography software (OpenSSL) to prevent malicious database modifications and the tracking of users. This allows the database to be audited by third parties to ensure consistency and honesty but without losing anonymity. PorcLoom is open source software, and is available for download on GitHub (<https://github.com/porcloom>) If you are interested in becoming a database or source code auditor, please contact me.

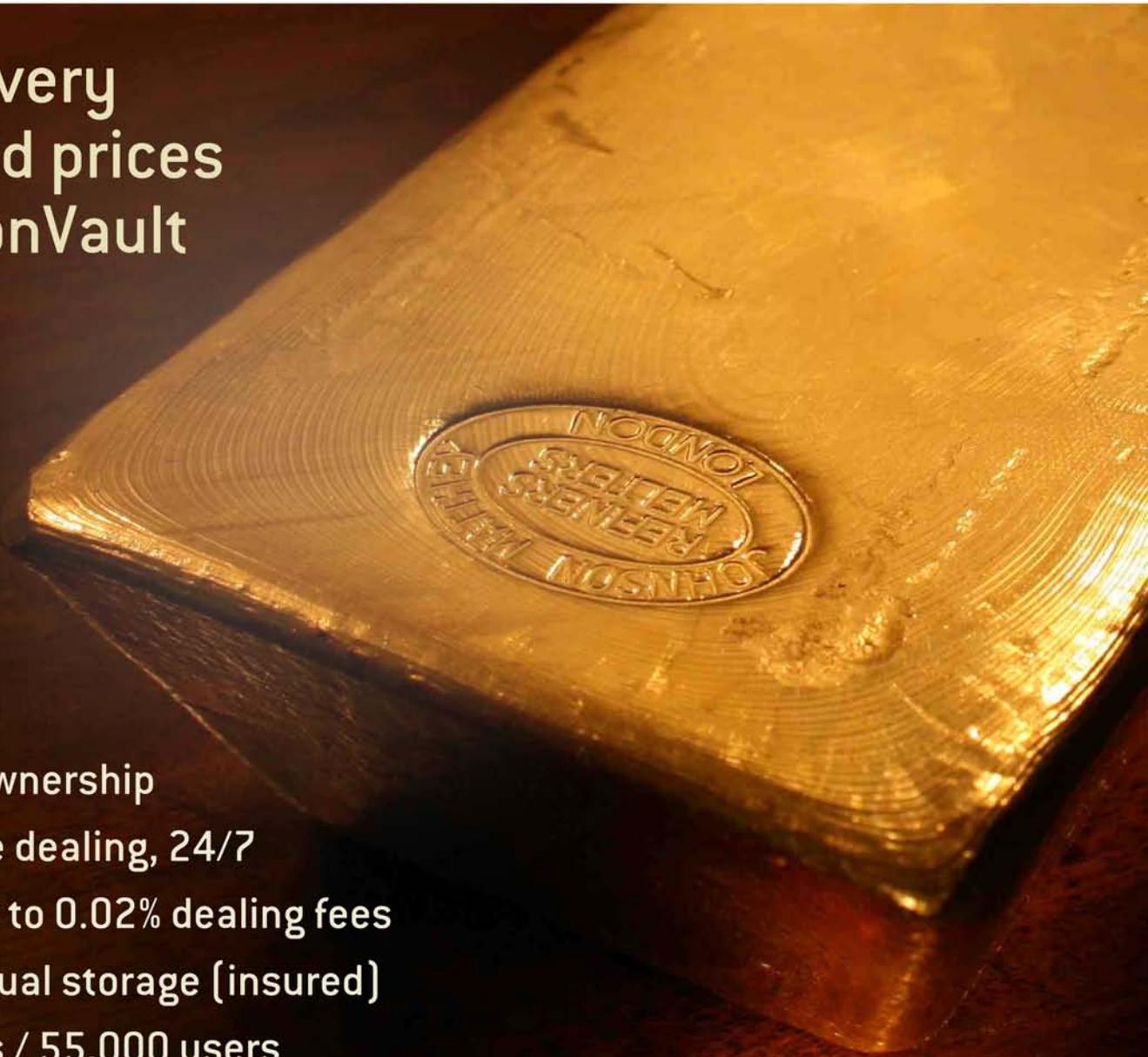
PorcLoom's database is replicated live to off-site server(s) in undisclosed location(s). In the event that this server is seized by some "entity", a copy of the database (in the exact state it was in just before the server seizure) will be used on a new server somewhere else. The connection information for the new server will be published and signed using a GPG key. Keep in mind that all data within your wallet is encrypted using a key derived from your password. In the event of a server seizure your identity will remain anonymous. PorcLoom is also available via TOR.

A document explaining how PorcLoom works is published in the back of this issue. This includes both a broad overview of the project as well as gruesome technical and cryptographic details.



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# SOUTH CAROLINA GENERAL ASSEMBLY 119TH SESSION, 2011-2012

[http://www.scstatehouse.gov/sess119\\_2011-2012/bills/862.htm](http://www.scstatehouse.gov/sess119_2011-2012/bills/862.htm)

## S. 862

### STATUS INFORMATION

General Bill

Sponsors: Senator Thomas

Companion/Similar bill(s): 4128

Introduced in the Senate on May 3, 2011

Currently residing in the Senate Committee on Finance

Summary: Alternate forms of currency

### HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
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5/3/2011	Senate	Introduced and read first time (Senate Journal-page 17)
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5/3/2011	Senate	Referred to Committee on Finance (Senate Journal-page 17)
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View the latest legislative information at the LPITS web site

[http://www.scstatehouse.gov/cgi-bin/web\\_bh10.exe?bill1=862&session=119](http://www.scstatehouse.gov/cgi-bin/web_bh10.exe?bill1=862&session=119)

### A BILL

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING ARTICLE 18 TO CHAPTER 1, TITLE 1 SO AS TO PROVIDE THAT GOLD OR SILVER COIN, OR BOTH, SHALL BE LEGAL TENDER IN THIS STATE FOR PAYMENT OF CERTAIN DEBTS; AND BY ADDING ARTICLE 26 TO CHAPTER 1, TITLE 1 SO AS TO ESTABLISH A JOINT COMMITTEE FOR THE ADOPTION OF AN ALTERNATE FORM OF CURRENCY.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 1, Title 1 of the 1976 Code is amended by adding:

**“Article 18  
Gold and Silver as Legal Tender**

Section 1-1-1110. For the purposes of this article:

(1) ‘Gold and silver coin’ means all gold and silver coin as are allowable for a state to:

(a) make a tender in payment of debts under the authority reserved to the several states in Article I, Section 10, Clause 1 to the Constitution of the United States; or

(b) employ as its own media of exchange in the performance of its sovereign governmental functions.

(2) 'Legal tender' means a medium of exchange, currency, or money that may be accepted for the satisfaction of debts under the laws of the State of South Carolina or the United States.

(3) 'Debt' means any public or private obligation, tax or other public charge, or other provision in any contract, agreement, law, or regulation that requires and stipulates the payment of, or by the terms of which is payable in, some medium of exchange, currency, or money.

(4) 'Person' includes the State of South Carolina, and all natural persons, corporations, partnerships, trusts, labor unions, and unincorporated associations that reside or transact business or other operations within the State.

(5) 'State of South Carolina' means the State of South Carolina and its political subdivisions, and all departments, agencies, officials, and employees of the State.

Section 1-1-1120. (A) To the full extent allowed by Article I, Section 10, Clause 1 to the Constitution of the United States, gold and silver coins shall be legal tender in the State of South Carolina under the laws of this State.

(B) Any person may employ gold or silver coin, or both, as legal tender in this State under its laws for payment of any debt to which that person is a party.

(C) If by its terms a debt requires payment in gold or silver coin, or both, then the only allowable medium of exchange for payment of it is gold or silver coin, or both, as the debt stipulates. In any case or controversy involving the enforcement of a debt, the courts of this State shall specifically enforce payment in gold or silver coin, or both.

(D) If by its terms a debt requires payment in some medium of exchange other than gold or silver coin, or both, the parties to the debt may mutually agree to payment of it with gold or silver coin, or both, at a rate of exchange between the other medium of exchange originally stipulated in the debt and gold or silver coin, or both, as the parties find to be appropriate and formally memorialize in an addendum to the debt. In any case or controversy involving the enforcement of a debt as so modified, the courts of this State shall specifically enforce payment in gold or silver coin, or both, according to the terms of the addendum.

(E) No party to a debt which stipulates that payment is to be made in a medium of exchange other than gold or silver coin, and which shall not have been modified in accordance with subsection (D) of the this Section, shall be compelled to tender or accept gold or silver coin in the satisfaction of the debt.

(F) Except as required in subsections (C) and (D) of this section, the designation and allowance for employment of gold and silver coin as legal tender in and under this article shall not preclude or prejudice the use by a person for a legal purpose of a medium of exchange, currency, or money, in addition to gold and silver coin, which has been designated legal tender under the laws of the United States.

Section 1-1-1130. (A) A transaction entered into by a person subject to this article which involves the

exchange of gold or silver coin which shall be legal tender under the terms of this article for a medium of exchange, other than gold or silver coin, which has been designated legal tender under the laws of the United States shall not be subject to any sales, excise, gross receipts, income, capital gains, or other form of tax or public charge under the laws of this State.

(B) Any official, agent, or employee of this State who attempts to assess, levy, collect, or enforce, or direct, assist, or participate in the enforcement of, any purported tax or public charge prohibited by subsection (A) of this section is subject in his individual capacity to a civil suit by the party against which any assessment, levy, collection, or other enforcement has been attempted and upon proof of it by the preponderance of the evidence is personally liable to the party for damages of one hundred times the amount of money at issue in the attempted assessment, levy, collection, or other type of enforcement, and in addition shall be required to recompense the party for all costs of suit, including reasonable attorneys fees, for which damages, costs, and fees the court shall enter judgment against and require payment by the defendant in gold or silver coin, or both. No part of the judgment shall be paid, reimbursed, contributed to, guaranteed, or insured by this State.”

SECTION 2. Chapter 1, Title 1 of the 1976 Code is amended by adding:

**“Article 26  
Joint Committee for the Adoption of an Alternate Form of Currency**

Section 1-1-1710. There is established the Joint Committee on Adoption of an Alternate Currency composed of nine members. The nine members must be appointed as follows:

- (1) three Senators appointed by the Chairman of the Senate Banking and Insurance Committee;
- (2) three members of the House of Representatives appointed by the Chairman of the Ways and Means Committee; and
- (3) three representatives of the business community, one being a certified public accountant, appointed by the Governor.

Members of the Senate and House of Representatives serve ex officio. The committee chairman must be one of the legislative members and the vice chairman must be one of the business community members. Both officers are to be elected by the membership of the committee. The terms of members appointed by the Governor shall be coterminous with the term of the appointing Governor.

Section 1-1-1720. The committee must make a detailed and careful study of the need, means, and schedule for establishing an alternate currency within the State of South Carolina.

Section 1-1-1730. The committee may:

- (1) hold public hearings;
- (2) receive testimony of members of the general public, any employees of the State or any other witnesses who may assist the committee in its duties; and
- (3) call for assistance in the performance of its duties from any employees or agencies of the State or any of its political subdivisions.

Section 1-1-1740. The committee may adopt by majority vote rules not inconsistent with this chapter it considers proper with respect to matters relating to the discharge of its duties under this chapter.

Section 1-1-1750. Professional and clerical services for the committee must be made available from the staffs of the General Assembly, the State Budget and Control Board, the Office of the State Treasurer, and other state agencies and institutions.

Section 1-1-1760. The committee must make reports and recommendations to the General Assembly and the Governor by June 30, 2012, at which time the committee will be dissolved. These findings and recommendations must be published and made available to the public.

Section 1-1-1770. The members of the committee are entitled to receive the per diem, mileage, and subsistence as is allowed by law for members of boards, committees, and commissions when engaged in the exercise of their duties as members of the committee. These expenses must be paid from approved accounts of their respective appointing authority. All other costs and expenses of the committee must be paid in equal proportion by the Senate, the House of Representatives, and the Office of the Governor, but only after the expenditures have been approved in advance by the President Pro Tempore of the Senate, the Speaker of the House, and the Governor.”

SECTION 3. This act takes effect upon approval by the Governor.

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

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# IRS announces August 31, 2011 Offshore Voluntary Disclosure Initiative (OVDI) deadline

U.S. citizens or foreigners who are green-card holders and have never reported that offshore account, corporation or private foundation they control or never bothered to dissolve, now have a second chance to come into the system. Depending on each individual case, forms which should be filed are :

- **Form 1040, Schedule B, Part III – Foreign Accounts and Trusts**
- **TD F 90-22.1 (Report of Foreign Bank and Financial Account Information)**
- **Form 5471 (Information Return of U.S. Person with Respect to Certain Foreign Corporations)**
- **Form 5472 (Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business).**

On February 8, 2011, the Internal Revenue Service announced a special voluntary disclosure initiative designed to bring offshore money back into the U.S. tax system and help people with undisclosed income from hidden offshore accounts get current with their taxes. The new voluntary disclosure initiative will be available through Aug. 31, 2011.

The 2011 initiative has a higher penalty rate than the IRS's previous voluntary disclosure program, which ended on Oct. 15, 2009, but offers clear benefits to encourage taxpayers to disclose foreign accounts now rather than risk IRS detection and possible criminal prosecution. In addition, the 2011 initiative includes new guidelines to provide fairness to people with smaller amounts of undisclosed assets or unusual situations.

A full news release about the 2011 OVDI may be found here: <http://www.irs.gov/newsroom/article/0,,id=235695,00.html?portlet=7>. More information, including how to participate, may be found here: <http://www.irs.gov/newsroom/article/0,,id=234900,00.html>.

## How to Make a Voluntary Disclosure Under the 2011 OVDI

The 2011 Offshore Voluntary Disclosure Initiative (OVDI) is offered to those taxpayers with offshore accounts or assets. Please follow the new process outlined below.

### Pre-Clearance:

Taxpayers or representatives may fax to the IRS Criminal Investigation Lead Development Center at (215) 861-3050 the taxpayers' name, date of birth, social security number and address (if the taxpayer is represented by a tax professional, an executed power of attorney must be included).

IRS Criminal Investigation will then notify taxpayers or their representatives via fax whether or not they have been cleared to make a voluntary disclosure using the Offshore Voluntary Disclosures Letter. Taxpayers or representatives with questions regarding the pre-clearance can call (215) 861-3759 or contact their nearest Criminal Investigation Office.

Note: Pre-clearance does not guarantee a taxpayer acceptance into the 2011 OVDI. Taxpayers must truthfully, timely, and completely comply with all provisions of the 2011 Offshore Voluntary Disclosures Initiative.

### Offshore Voluntary Disclosure Letter

If the taxpayer chooses to submit a pre-clearance request, after the taxpayer receives a pre-clearance notification, the taxpayer will have 30 days from receipt of the fax notification to complete the Offshore Voluntary Disclosures Letter. If the taxpayer chooses to bypass the pre-clearance process, the taxpayer must mail the Offshore Voluntary Disclosures Letter to the following address:

Internal Revenue Service  
Criminal Investigation  
ATTN: Offshore Voluntary Disclosure Coordinator

Philadelphia Lead Development Center  
600 Arch Street, Room 6406  
Philadelphia, PA 19106

The IRS will review the offshore Voluntary Disclosures Letters and notify the taxpayer or representative by mail whether the voluntary disclosure has been preliminarily accepted or declined.

### **Complete Voluntary Disclosure Package**

Once the voluntary disclosure has been preliminarily accepted, the taxpayer should send the full voluntary disclosure package no later than August 31, 2011 to:

Internal Revenue Service  
3651 S. I H 35 Stop 4301 AUSC  
Austin, TX 78741

ATTN: 2011 Offshore Voluntary Disclosure Initiative

Taxpayers wishing to make a voluntary disclosure that is not covered under this offshore initiative should contact their local IRS Criminal Investigation (CI) office to speak with a criminal investigator. Tax administration questions such as Where is My Refund or Where Do I File can be addressed by other IRS offices.

*DGC Magazine does not give any tax advice to readers under any circumstance. This is a reprint of an article from MyPanamaLawyer web site. Please seek the advice of a qualified and licensed tax professional in the jurisdiction where you reside and do business.* Source Article from <http://mypanamalawyer.blogspot.com/>

**Continued from page 29.**

### **“Moneychanger” -- new Open Transactions GUI!**

--- This also means that those of you who had any binary compatibility problems with the contract files, etc, **THOSE PROBLEMS WILL SOON BE A THING OF THE PAST**, once all of OT’s binary data is safely packed using the new OTDB::Storage class!

--- OTDB::Storage is designed not only to be a replacement for all of OT’s storage needs, but also to provide a simple and consistent storage interface to OT API client developers as well. They can store/load strings, as well as entire objects (BitcoinAcct, BitcoinServer, LoomAcct, WalletData, etc etc).

The current Moneychanger GUI feature set includes: add/edit/delete for Nyms, Server contracts, Asset contracts, and Asset accounts. It also includes withdraw and deposit cash (from account to purse), write and deposit cheque, purchase voucher (“cashier’s cheque”), send transfer, process inbox, and import and export cash (from cash purse to clipboard).

### **FUNDING**

Being as how I am working hard under deadline on real-life stuff, I’ve decided to start taking DONATIONS to fund development for Open Transactions components. I spent over a grand of my own hard-earned money to have Moneychanger written (since I don’t have time right now to do it myself) and I also basically took a year off of work to write OT in the first place, so I think you guys know my heart is in the right place. I can use the donations to continue adding features to the software, to place Bitcoin bounties on certain pieces of work, to further integrate with Ripple, Loom, and other systems, to write a Firefox plugin, to add p2p aspects to Moneychanger, and so on. There is a lot that could be done, and with the proper funding, ==>I can move mountains.<== If you believe that I am doing good work, then please donate to the cause. Funds will only be used to pay for more coding on this project.

The Bitcoin address to send donations is: <1NtTPVVjDsUfDWybs4BwvHpG2pdS9RnYyQ>  
If you prefer to use PAYPAL, go here: <http://coinpal.ndrix.com/>

# Introduction

I am going to lay this out in three sections. The first section is a 1 minute explanation of what happens when someone wants to buy something from your website using PorcLoom. This is essentially my sales pitch. After that, I will present two different models of PorcLoom. The first model describes how PorcLoom works in the real-world. Most people will be interested in this section. The second model describes what PorcLoom is from a very abstract point of view. If you are an engineer, you may want to consider reading section three first and section two second. If you are a down-to-business/entrepreneur kind of person, you may want to read section two first and skip section three. Let's begin.

## Section 1: Use case

You are a business owner with a website. You want to sell stuff online. You want to accept, VISA, Mastercard, paypal... and gold. How do you accept gold though? That's where PorcLoom comes in. A customer adds items to their cart, and a total (0.01oz of gold) is calculated. He elects to pay with PorcLoom and pastes a "payment code" in to your site. Your site then contacts PorcLoom and asks, "Hey. Some guy just sent me this payment code. I'd like to move 0.01oz of gold to my PorcLoom account. We cool?". PorcLoom then responds with, "Yup, the move was successful." Your site then tells the user that their payment has been accepted.

That is the quick intro of how PorcLoom works for you. Next I will explain what the heck is going on here. If you are confused when reading the following section, keep reading! It will all come together in the last paragraph, I promise.

## Section 2: Real-world description

The system is called "PorcLoom" and it is an anonymous online digital asset trading system. The name "Loom" was chosen because the system is designed to "weave" an economy together. PorcLoom is not a new currency. It is merely a piece of accounting software. The system has two basic concepts: contacts and assets. A contact is a person you trade assets with. An asset in PorcLoom is a *digital representation* of an asset in real life. Examples of assets include gold, silver, coffee beans, and the lint between your toes. By possessing an asset on the website, you have a *claim* to that asset in real life. When people send PorcLoom assets to each other, they are really sending back and forth *claims* to assets. Now, if you couldn't redeem the asset for something tangible in real life, nobody would use it. Market forces rule.

But how do digital assets relate to real world assets? In PorcLoom, anyone can define a digital asset type. As the creator, you (and only you) possess the ability to issue claims to others. Here is an example: I give you one ounce of gold in real life. You put the gold in your vault and send me 0.995 oz of "Kirk's Gold" via PorcLoom. I now have +0.995 units of your asset, and you have -0.995 units of your asset. You as the asset issuer can send anyone as many units of "Kirk's Gold" as you want, but you must keep in mind that the more units you send people, the more negative your balance becomes, since these units are claims on gold that you hold in real life.

I can then send those units of "Kirk's Gold" to whoever accepts them. Notice that I gave you 1 oz of gold, but you only gave me 0.995 oz of digital assets. Think of this as a storage fee. This is how you cover your operating costs. The process works in reverse if someone sends your digital asset back to you. They send you 2 oz of your asset type and you hand them physical gold. Remember that anyone can define an asset type, which means that anyone can compete with you. Once again, market forces rule.

The act of sending digital assets to people is a two step process. First, you move a specific quantity of a digital asset from your account to a "shared location" that only you and the receiver know about. The receiver then moves those units of asset from the shared location in to their account. This may seem awkward, but it is necessary to make the system anonymous. Anonymity will become apparent when I explain the mathematical stuff in the third section.

Earlier I used the term "payment code". I'd like to elaborate more on that by using an analogy. Have you heard about VISA Gift Cards? They are pre-paid debit cards. Think of a payment code as a pre-paid debit card

number. With PorcLoom you can create "debit cards" and use them on various websites. What's cool is that you can deposit more assets on these "debit cards" whenever you want. A security savvy PorcLoom user would use a different debit card for each merchant they frequent, and only move funds to them when they are going to make a purchase. Keep in mind that this "debit card" stuff is just an analogy and is used to illustrate what is going on.

Here is the connection: Remember that shared location I was talking about earlier? That *is* a "debit card". In PorcLoom you never send assets directly to someone. The act of transferring digital assets to someone involves funding a "debit card" and the recipient charging it. The shared location is the debit card number. A location is just a number. Only you and the receiver know what the number is. Both you and your recipient have that number saved in your account. For example, let's say that you and I agree on a location with the number 123456. In my account I will have a contact named "Kirk" and a location number of 123456. In your account you will have a contact named "Alex" and a location number of 123456. When I want to send you some asset I will simply tell the website "Send Kirk 2 units of SuperGold". The website will put 2 units of SuperGold at the location 123456. When you log in you will see that and move it from that location to your account.

Here's the kicker: Your account is a location. When you move assets from the shared location to your account, you are really moving it from one location that *two* people know to another location that *only you* know. With that in mind, I can define PorcLoom as a simple system where people move digital assets between locations. That's it! When you buy stuff from merchants you are providing them with this shared location, and their website is automatically moving the assets in to their own secret location.

What I've just described is how PorcLoom relates to us humans. In the next section I am going to describe exactly what I did here, but instead I am going to strip out all of the human/economic terms and talk purely theory. Same thing, different perspective.

## Section 3: Abstract description

Consider a two dimensional, square grid (spreadsheet) which is divided in to cells and whose rows and columns are each numbered from  $0 \dots (2^{256}) - 1$ . It has two rules:

1. Only one cell in a particular column may contain a value which is less than zero.
2. The sum of all the values within the grid must equal zero.

PorcLoom is the embodiment of this grid. It not only exposes the grid to the public, but it also enforces the rules to make sure that the grid always remains in a consistently valid state. The horizontal axis is labeled "assets" ( $A$ ) and the vertical axis is labeled "locations" ( $L$ ). PorcLoom (through its public API) allows a user to manipulate the values within the cells of a particular column.

### **The move operation**

The grid only has one atomic operation, termed "move". Given a source cell  $(A, L_s)$ , a destination cell  $(A, L_d)$ , and a quantity  $q$ , the move operation is as follows:

1.  $(A, L_s) = (A, L_s) - q$
2.  $(A, L_d) = (A, L_d) + q$

If the execution of a step would cause the grid's state to become invalidated, the operation fails.

That's as fundamental as it gets. I recommend that you now read section 2, keeping in mind that everything revolves around this grid. In the following subsection I will describe how the grid relates to the real-world model.

## Relation to the real-world model

Below is an example of a valid 4x4 grid (keep in mind that the real grid is  $2^{256} \times 2^{256}$ ):

		<b>Assets</b>			
		0000	0001	0002	0003
<b>Locations</b>	0000	4	2	14	-4
	0001	2	-16	0	4
	0002	-8	6	18	0
	0003	2	8	-32	0
<b>Total:</b>		0	0	0	0

Notice that the totals along the bottom all equal zero, and that each column only has one negative number in it. Also notice that a column represents an asset and that a row represents a location. If you look down a column, the cell which is negative represents how many claims are in circulation, and the rest of the cells represent how many claims a particular location owns. If you look across a row, you will see all of the claims that exist at a particular location.

Consider two users named Alex and Ofer who want to transact 8 units of Kirk's Gold. Below is a table describing some important parameters of the grid with respect to this transaction:

The <b>asset identifier</b> for Kirk's Gold	0002 (column)
The random, secret and mutually agreed upon <b>contact identifier</b> shared between Alex and Ofer	0001 (row)
Alex's secret location	0002 (row)
Ofer's secret location	0000 (row)
Kirk's secret location	0003 (row)

After Alex does the first step of the transaction (known as “putting it on the table”), one move operation has happened, and the grid now looks like this:

		<b>Assets</b>			
		0000	0001	0002	0003
<b>Locations</b>	0000	4	2	14	-4
	0001	2	-16	8	4
	0002	-8	6	10	0
	0003	2	8	-32	0
<b>Total:</b>		0	0	0	0

After Ofer claims this asset (the second half of the transaction), another move operation has happened, and the grid now looks like this:

		<b>Assets</b>			
		0000	0001	0002	0003
<b>Locations</b>	0000	4	2	22	-4
	0001	2	-16	0	4
	0002	-8	6	10	0
	0003	2	8	-32	0
<b>Total:</b>		0	0	0	0

The important thing to note here is that Ofer never gave away his secret location to Alex and vice-versa. This means that the transaction can not be “taken back” once Ofer claims it, because Alex does not know Ofer's

secret location. Alex is however certainly free to take the asset back when it is in the shared location (0001), essentially canceling the transaction.

Anonymity is ensured because locations are not tied to any personally identifiable information, and with a sufficiently large grid size (which we do have), it becomes highly improbable that an attacker will be able to guess the secret locations of Alex, Ofer, or Kirk. Anonymity is good for two reasons: First, it allows the grid to be audited (all the values in the grid add up to zero) by third parties to ensure that the numbers aren't being manipulated by the loom operator. An audit can also show how many claims are in circulation, thereby disincentivising asset issuers from creating more claims than they actually hold in real life (as if your reputation in the market place isn't incentive enough!). Moreover, in the event that the server running the loom is seized by the feds, they have no information that would link any transactions to anyone, since all they have is a big brick of numbers.