

# DGC Magazine

November-December 2009

**GOLD**  
**@\$1200**

**Ben  
Milne's  
New  
Dwolla  
Payment System**

THE DAY  
THE DOLLAR  
**DIED**





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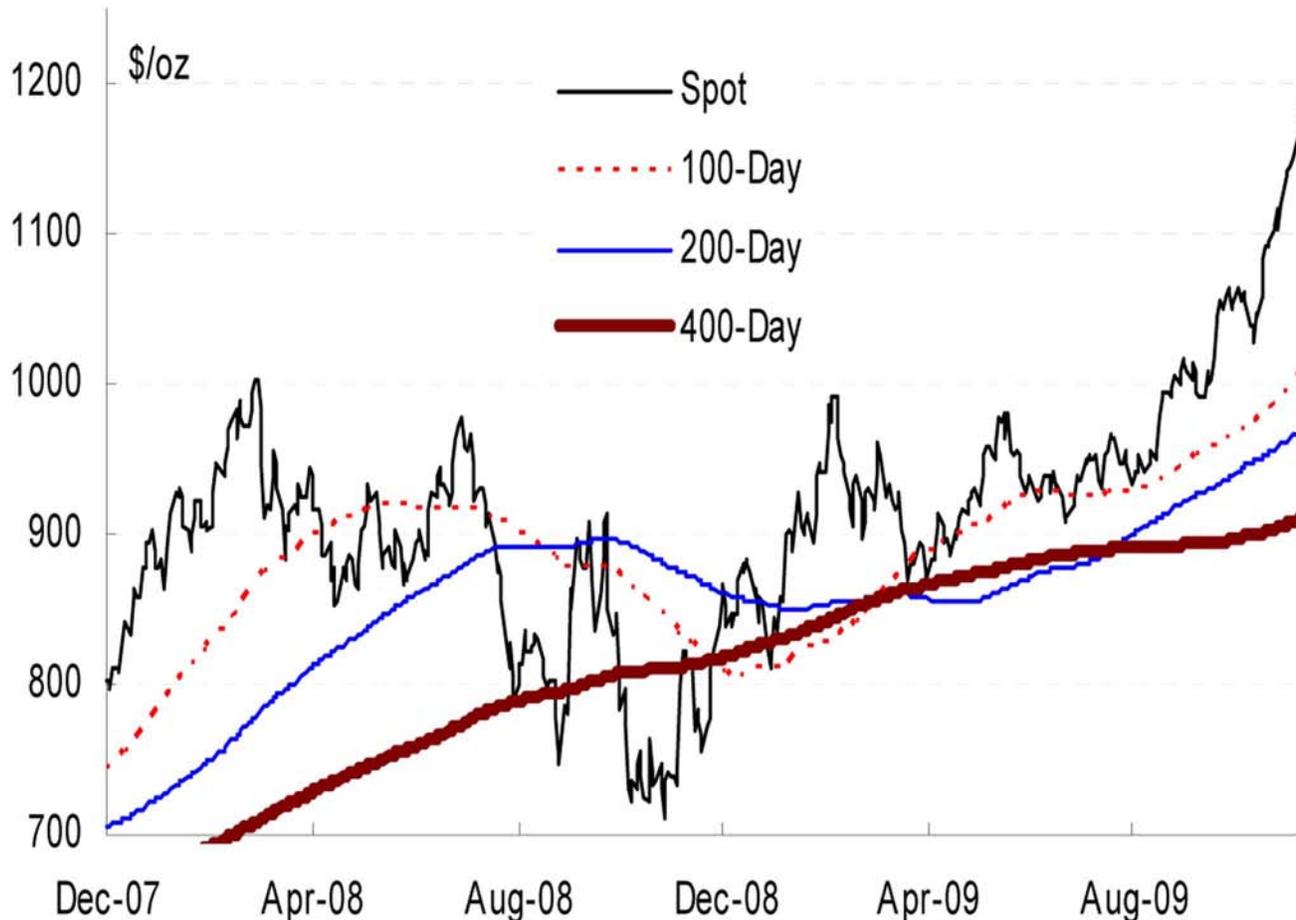
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## Gold: 2-Year Close with Moving Averages



BREAKOUT --- 2 year chart showing price of gold in U.S. Dollars.

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# The New Cryptography Behind Anonymous Digital Cash

By Jon Matonis

In the prolonged adoption of a true digital currency, it is the political and central banking implications that have become the real barriers, not the growing availability of privacy-enhancing encryption protocols. Governments and monetary authorities have aggressively beaten down any sprouting online currency innovations that actually attain market share and critical mass.

Witness the federal government's concerted effort against e-gold which, at its peak, equaled one-third of the transactional value of PayPal, but allowed for anonymous account ledger transfers. Obviously, it threatens the State's monopoly of issuance, not to mention their eroding power of taxation. So, the world waits patiently for a business model that will deploy the work of mathematicians and cryptographers in the online monetary realm.

Cryptographers routinely assemble around the world to present various theories and protocols that will allow a digital currency unit to emulate the privacy features of a \$100 bill. An understanding of these ongoing protocol debates and a partnership between entrepreneurs, scientists, and economists will advance the theoretical field of digital cash towards implementation.

The burgeoning field of applied cryptography drives the mathematical science that makes digital anonymous value, and its transfer, possible. Culled from the leading cryptography conferences and focusing on the anonymous, untraceable digital cash protocols, this overview is a comprehensive summary of the scientific papers that have been advanced in the Chaumian tradition since 1990 (see David Chaum, Amos Fiat, Moni Naor, "Untraceable Electronic Cash," *Advances in Cryptology - CRYPTO '88*, LNCS 403, pp. 319-327, 1990).

The following articles represent works in the fields of online anonymity, transaction untraceability, coin divisibility, double spending, offline convertibility, and blind signatures. For additional research, Cryptographer's World is an excellent resource for cryptography and its authors. In many of the academic citations below, an abstract and the full article text will be available via the link provided, in reverse chronological order:

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# FOR THE NEXT GENERATION

BY PAUL ROSENBERG

*The ultimate question for a responsible man to ask is not how he is to extricate himself heroically from the affair; but how the coming generation shall continue to live.-- Dietrich Bonhoeffer*

Bonhoeffer wrote this in about 1943, as he sat in a Nazi prison, waiting to be executed for his part in an attempt to assassinate Hitler. (That a theologian such as Bonhoeffer should be moved to assassination is an educational study.)

We in the digital gold business now face both of Bonhoeffer's questions:

How shall we extricate ourselves (or at least insulate ourselves) from the problems of the digital gold business?

How shall the coming generation continue to live?

In general, most of us have taken a PT-type of attitude: We work for our own sake, and we flee insane political urges to perfect the world. This is certainly a sensible and morally defensible stance, and it does address the good of future generations as well: The Invisible Hand being far more effective than that of planners.

I will not, therefore, complain about people holding to the above philosophy. (I have, in fact, published one of the primary books expressing this philosophy.) But, there come moments in most of our lives when we see things that are important for the future, and we feel a need to do them, even though the cost to us may be greater than the direct benefits.

There are many reasons expressed for these feelings, which are almost always hard to define. People often say things like, "we must serve something larger than

ourselves," simply because they have no good words for what they feel, and they have heard other people use that slogan... and that it almost makes sense.

I want to touch on this subject now, because it matters, and because it is so poorly understood. We do these things because of feelings more than reasons. And while there may be nothing wrong with our feelings (and perhaps a great deal right), they remain incomplete, isolated from their natural compliments, and unstable – unless we understand them, at least to a substantial degree.

I shall now – arrogantly, perhaps – attempt this.

## HOPE FOR THE FUTURE

"Something larger than ourselves" is a horrible phrase, and something I want to address right off. In most cases, it is the gospel of some higher power – typically a state or a religion – who promises us things which are to be received in some future, ideal condition. Or, they promise status and praise in our current situation. "All men will speak well of you."

This "thing larger than ourselves," is generally represented by some man who will be coming around, soon enough, to collect our sacrifices. Sure, I'll make an exception for the true believer in God, who seeks truth rather than the fame of any sect, but this is not a terribly common case.

The real hope for the future is the next generation.

Our impact upon this world will be felt directly by the generations of humans that follow us.

It is certain that many liars and thieves have asked men to line up and sacrifice for the future – while collecting all those sacrifices for their own glory and spending them on their horrifying “great plans.” In other words, most times such slogans have been used, the respondents played the role of sucker.

That does not mean, however, that there is no such thing as legitimately “doing it for the sake of the future.” There is.

#### GRATEFULNESS AND FIDELITY TO BENEFACTORS PAST

We are one longitudinal family of humanity. If you went back in time five thousand years, you’d find individuals that reminded you very much of your friends and acquaintances of our time. The people you now love and wish to improve are almost identical to certain people of a thousand years ago, or of a thousand years into the future. You would love and care for those people the same as you love and care for their near-doubles now.

**Question:** How will our “would-be-beloveds” of the future move forward?

**Answer:** The same way we have: By the benefaction of their predecessors.

Can you imagine how long it took for completely ignorant men to learn the rules of metallurgy? Or engineering? Or harmonics? Or a hundred other things we can barely imagine being without? Men and women just like us had to create all these things, and it wasn’t easy.

Our lives are far more advanced than that of our distant ancestors, but only because they were able to create our way of living and pass it down to us. Hundreds of generations of men and women lived through dark times, fighting toward whatever bits of light they could find – opposed by other men nearly the entire time – and brought us to where we find ourselves now.

Some day, our generation will also be gone, and we

will have played – whether we understood it or not – a crucial role in transmitting the whole of civilization to the generations that will then be alive. What do we want them to be like? How would we like to see them live?

We cannot know how effective we will be, and the progress we labor for may end up being very small. But, other men – generations and millennia of ignorant men and women struggling toward the future – spent all they had to bring us here. We owe them something. Certainly there is no way for them to benefit from us now, and it may be that they no longer care, but their many gifts to us will cease to exist in the world unless we pass them along.

We make them matter. And they deserve to matter.

#### DIGITAL GOLD

Digital gold (and silver, and...) are crucially important to the future. I am, however, out of space for this issue. I will continue this next time by addressing: *How The Productive Class Has Been Robbed – And Why Digital Gold Is The Answer.*

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

### CashCards.net Drops All Digital Currency Biz

The oldest surviving U.S. debit card that still accepted digital gold currency has dropped out of the DGC game.

Chatting with Stever Renner earlier this month he told me that because of extensive regulations now in the U.S. their company was no longer doing any business in digital currency.

Their web site reflects this change. No word on what happened to V-cash.

CashCards.net is now a payroll card company and we wish them the best.

## **GOLDMONEY LAUNCHES VAULT VIDEO WITH VIA MAT**

London: **3 December 2009** - GoldMoney, the leading provider of precious metals sales and storage of gold, silver and platinum bullion to retail investors and digital currency payments, has published a video that offers its customers a look into VIA MAT's state-of-the-art high security precious metals vault. VIA MAT INTERNATIONAL AG of Switzerland is one of Europe's largest and oldest armoured transport and storage companies and provides secure storage at its vaults in London and Zurich. All of the gold and silver bars shown in this video are part of the precious metals owned by GoldMoney customers.

GoldMoney has also implemented an improved service to allow customers to easily access all reports that the auditors have produced to date. To ensure that all governance procedures and operating systems are working properly and all precious metals are safe and accounted for, GoldMoney makes the reports available to its customers.

All CAP-Verified customers can now access these services when logging into their Holding.

Geoff Turk, CEO of GoldMoney said: "GoldMoney has always aimed to achieve high standards of governance and assurance for customers and is pleased to offer these new services to provide greater accessibility to our audit reports and therefore, make our governance procedures more transparent."

## **GOLDMONEY LAUNCHES GERMAN WEBSITE AND RELATIONSHIP MANAGEMENT TEAM**

London: **9 November 2009** - GoldMoney, the leading provider of precious metals sales and storage in gold, silver and platinum bullion to retail investors and digital payments in precious metals, has successfully launched its German website and relationship management team. GoldMoney had received significant demand for its service from the German speaking market, which is one of the biggest physical bullion markets in the world. The German website is the latest initiative to appeal to an ever growing investor audience. This year GoldMoney has introduced:

- the iPhone application to enable digital payments with gold
- GoldMoney-branded kilo and 100 gram gold bars to facilitate the redemption of goldgrams
- Customer registration of 400 ounce gold bars
- quarterly vault audits
- platinum as the third precious metal available to customers
- Swiss franc and Japanese yen to perform currency conversions between any of the six currencies currently accepted by GoldMoney: USD, GBP, EUR, CAD, CHF and JPY.

Geoff Turk, CEO of GoldMoney said: "As the leading provider of online bullion sales and storage, we need to be able to provide the best services to our growing international customer base. We are pleased with GoldMoney's continued development and are expanding our abilities to offer retail investors the most efficient and secure way to purchase bullion."

## **GOLDMONEY INTRODUCES QUARTERLY VAULT AUDITS**

London: **6 October 2009** - GoldMoney is pleased to announce that it has recently appointed Inspectorate International Limited to perform independent audits of gold, silver and platinum held on behalf of GoldMoney customers.

Inspectorate performed the first such audits as at 31st August 2009 in respect of both the London and Zurich vaults, their audit certificates can be viewed here. Going forwards Inspectorate will perform their audits on a quarterly basis which will provide a high level of assurance to GoldMoney customers.

"GoldMoney has always aimed to achieve high standards of governance and assurance for customers; now the introduction of independent audits on a quarterly basis raises the bar still further," said GoldMoney CEO, Geoff Turk.

"We are delighted to be working with GoldMoney. They have recognised the value of appointing an independent Inspection Company with the reputation of Inspectorate's as part of their ongoing enhancements to the level of assurance provided to their customers," said Inspectorate representative, Paul Alston.

GoldMoney customers can open an account with as little as £10 and transfer funds to specially segregated customer funds accounts prior to placing a specific order for gold or silver. Orders and payments are made through a secure online system and processed by GoldMoney's servers, which record transactions and store currency and metal balances. All customer metals are insured and held in allocated storage in specialised bullion vaults in Zurich and London, and the metals are audited quarterly and reported to customers.



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# The Day the Dollar Died

<http://johngaltfla.com/>

*(full credit for this work goes to the author who writes under the name of "John Galt")*

The following story in italics is a potential fictional time line for the day the dollar died. I hope not to instill fear or loathing but to give everyone some perspective on a POSSIBLE outcome which does not really take much of a reach to come to any conclusion. Despite popular belief and promises from those who wish to rob you of your savings and investments, the collapse of the dollar might just be an event measured in hours, not days as their control is not what it seems.....

Mike was less than an hour from home in Minnesota after dropping his load off in Fargo but knew he needed to top his tank off this Sunday evening to insure his rig would make it home. He pulled into the Petro Truck Stop just outside of Fargo and hopped out of the cab into the bitter twenty below temperatures which he could not believe had already hit at ten o'clock at night. He slid his fuel card into the pump waiting for the next prompt when the "SEE ATTENDANT" message flashed in the screen. He blustered, figured it was another card problem and whipped out his Master Card and slid it in after the pump reset and again the "SEE ATTENDANT" message flashed up. "What the hell is going on?" he thought to himself as he wandered into the long line of drivers boisterously yelling at managers and clerks alike.

Tom finished up his shift on the docks at the Nestle warehouse in Hampton, Georgia at exactly 11 o'clock at night and decided that because of the scuttlebutt he had been reading on the message boards, it may not be a bad idea to pick up a few cans of food and some toilet paper at the local WalMart Super center. Even though it was a Sunday night, they were always stocked and it was just five minutes out of the way to his home. As he walked inside the store, his mouth dropped. It looked like the day after Thanksgiving sale with every register open and ten plus people deep at 11:30 p.m. "Oh my God!" he gasped as he walked in grabbing the last shopping cart with the wheel that was half locked up. As he walked as fast as he could to the aisle with the paper goods, he looked at all the

shelves then noticed the clerk who looked stunned himself. "How in the SAM HELL does WalMart sell out of Toilet Paper son?" he screamed at the eighteen year old kid. "Sir, I don't know what is going on. Is the world ending? I'm a little freaked out!" the clerk stammered. Tom realized that he was not to blame and as he calmed down said to the kid "Son, I don't know what is going on either. It must be an ice storm on the way. Are you folks getting another truck soon?" The clerk said in a very low voice "Sir, I think there are two coming at 2 a.m. I would wait here if I were you." With that information Tom slinked outside to his car and called his wife at home just before midnight to tell her he would be staying to wait on the WalMart trucks.

## 1730 ET...FEBRUARY 21, 2010

It was a typical Sunday night in my household, a tremendous dinner, nice weather in Florida and of course a chance to chat with my friends online about the events of the world. The big news was that on Friday, February 19, 2010 the US Dollar Index closed at 69.07 far below any level in history and of course shattering all known technical support. As I grabbed a glass of Port and settled in front of my computer at 5 p.m. Eastern to watch the Asian fireworks and watch Bloomberg and CNBC-Asia on my computer, I noticed the Middle Eastern markets closed in horrid shape. The Israeli market closed three hours after the open and down 22% for the session. The Saudi markets closed after one hour and down 41%. Other regional markets did not open or were shut down due to national emergency declarations. As I tuned in expecting the usual repeat on Bloomberg, it was live with a somewhat excited news babe reading information from a blog reporting "rumors" that the CEO's of Citigroup and Bank of America were in meetings since 11 a.m. with the New York Fed. At that point, it was time to put the port up and break out the hard stuff.

Gold had closed at a record high again, up some \$37 to finish Friday's session up at \$1289 and change so I figured it would be jumping again with all of this worldly instability on display. I searched the boards and feeds like mad, looking for anything on an Iranian attack or outbreak of war elsewhere in the world but nothing was found at all. As 6 p.m. Eastern flipped up on my watch, CNBC interrupted their programming

with a live update from New York instead of Australia or Tokyo about the meeting at the NY Fed. Bloomberg also broke from their Asian coverage with a brief story but no details as to why there was a meeting today or who else was there. As the New Zealand markets opened, the prices went nuts but shockingly to the upside. Their markets shot up 11% on the open to break over the 3900 price level but that was not the story. As the futures opened in Chicago for the evening session, no matter where you were in the world that day or night, you printed that screen at 6:04 p.m. Eastern time as the prints were staggering:

**GOLD UP \$212.15 TO \$1501.15**

**SILVER UP \$39.13 TO \$81.06**

**US DOLLAR INDEX DOWN 9.5869 OR  
JUST OVER 14% TO 59.4830**

**US S&P FUTURES DOWN 49.13**

**US DOW FUTURES DOWN 472**

**NASDAQ FUTURES DOWN 135**

Holy Smokes! This was an absurd way to start the night and my phone started ringing along with text messages and emails out my wazoo. The sense of panic was evident on Bernie Lo's face as he came on to the air discussing what was happening in the futures market and fortunately he announced that Jim Rogers would be joining him after the next break. As the commercial started at 6:09 p.m. Eastern the scroll at the bottom of the screen was bright red with the headline:

**ALL U.S. EQUITY FUTURES ARE LOCK  
LIMITDOWN.....TRADINGSUSPENDED  
UNTIL 0900 ET MONDAY FEB 22....US  
DOLLAR BEING SOLD ACROSS THE  
BOARD**

By 6:15 the Euro was trading at \$1.92, the Kiwi (New Zealand Dollar) at \$1.26, the Aussie Dollar well beyond par at \$1.39 and the Canadian Loonie rocketing past par to \$1.33. The U.S. Dollar was in a full fledged collapse and the world was putting money

anywhere they could to escape the carnage. As the New Zealand equity markets struggled to handle the order flow an announcement emerged at 6:27 p.m. Eastern time that they would no longer accept U.S. dollars within their nation for the next 72 hours until the United States Federal Reserve Bank introduced stability measures. That instantly turned a huge move to the upside to down 17% in less than three minutes and soon thereafter, trading was suspended by 7 p.m. Eastern time. Instead of waiting to see what was next, I left at 6:51 p.m. to run down the street and take \$500 from the local grocery store ATM, returning just in time for the top of the hour news.

**1900 ET**

The Australian markets attempted to open but due to order imbalances they were delayed twenty-seven minutes. It was a buying frenzy in Australia also as the Aussie Dollar was skyrocketing higher and gold continued to gain, now up \$273.20 per ounce in less than two hours of trading. The Chicago board was going to make a statement at 8 p.m. ET and the world was holding its collective breath because something bad was happening again in the United States and everyone wanted to buy into foreign markets to escape the American disaster on the horizon. After a brief opening, the Australian government followed suit with the New Zealand announcement and suspended acceptance of the U.S. Dollar for commerce until further notice. The Japanese were very quiet in the mean time as they announced at 7 p.m. they would keep their markets closed but the huge move in the Yen caused massive concerns as noted by the central bank. The yen appreciated from a close of 79.8213 on Friday the 19th to an opening of 48.7326 in less than an hour of trading. Nobody wanted dollars and even fewer people it was discovered wanted the British Pound. The Pound for the first time in its history was worth less than 100 yen and it was well on its way to joining the US Dollar in a death spiral.

**2000 ET**

The internet is crawling. Message boards were lit up with record numbers of participants. Rumors swirled about declarations of martial law, bank holidays, secret wars and other crazy things. Yet my phone messages, conversations, texts and emails told me there was

# 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.**

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# GATA

something very very wrong. Two of my friends called me to tell me the consequences of the failed 30 year bond auction last Thursday came home to roost over the weekend. Citi and BoA were rumored to have a huge CDS obligation due to the interest rates being blown outside of the norm and the 6.05% yield from the auction cost the banks an estimated \$400 billion each if they were forced to settle open swap contracts and derivative issues by Monday or the end of the month. The swaps and derivatives which were to prevent the collapse may actually have finally started it but nobody could verify anything that was happening as the NY Fed looked like a war zone with hundreds of cameras around the building and reporters speculating endlessly on every cable channel.

### **2100 ET**

I did not know who to believe but when Bloomberg played the excerpt from Jim Rogers' interview just after the top of the hour where he said "this is what a currency collapse looks like and if you were not prepared, you were wiped out" really resonated with everyone on the Bloomberg set and throughout the news worldwide. The Chicago Futures were closed by order of the CFTC and SEC and that was the big announcement but it was assumed anyways because there was no way the COMEX or anyone else could possibly have kept up with the demand for precious metals as the last print had gold over \$1579 per ounce and worse, the base metals closing at obscene prices like \$6.79 per lb. for copper! The Shanghai markets were ordered open for domestic participants only and no overseas selling was allowed nor trading in US Dollars thus allowing the communists to manage their banking situation without outside influence. Unfortunately a rumor was confirmed on FNC later in the hour that Chinese troops were deployed to all U.S. and British bank branches inside their nation. That only permeated the panic already felt on the internet and in the air. The news at the top of the hour was even more shocking.

### **2200 ET**

CNN led the hour off with coverage of the "FINANCIAL CRISIS OF 2010" with breaking news about two hedge fund managers committing suicide in their offices in New York. That did not help the confidence level nor

did the statement from Treasury Secretary Timothy Geithner at 10:09 p.m. Eastern that the "government was in full control of the situation and that the panic world wide was unwarranted." When he finished the statement assuring that the financial markets would probably open on time in the morning, the snicker from CNBC's team of Gasparino and Griffith spoke volumes about what was really occurring.

### **2300 ET**

Somehow a picture of Goldman Sachs CEO Blankfein and JP Morgan's CEO Jamie Dimon entering the New York Federal Reserve building was leaked out and broadcast on cable news and financial news outlets causing more discussions and a genuine sense of panic to grip everyone. Reports about credit cards not working for the last two hours nationwide were swamping the newsrooms but no comments from VISA, Master Charge or anyone else was forthcoming.

### **0000 ET FEBRUARY 22, 2010**

It was officially a panic. Reports on local news stations about grocery store shelves being cleaned out and ATM machines running out of money hours ago and not being refilled were broadcast nationwide. Even my local station had a story about accessing the reporter's bank account online and all they got was a very scary message as they attempted to reach his bank's web page: **404-NOT FOUND**

### **0100 ET**

WWOR and WCBS started reporting that gas stations in the New York City and northern New Jersey areas were running out of gas even though credit cards did not work. The cable news stations and financial news networks just recycled earlier news with updates at the top of the hour. The world markets were closed and everyone was holding their breath to see what happened the next morning.

### **0200 ET**

As I struggled to stay awake, NY Federal Reserve President Denis Hughes came to the microphones with Dimon, Blankfein and shockingly Ben Bernanke. Hughes immediately deferred to Bernanke who said

that the President would address the nation at 7 a.m. Eastern Time and that he felt the crisis was averted for the moment and that everyone should have faith in the United State's policy of a strong currency and banking system. After that statement was concluded, Bloomberg switched to a banking analyst from Singapore who said that the U.S. was now a hulking smoking black hole in the ground and the only thing it was good for was to return those worthless dollars back to "THAT" nation so "THEY" could burn them to stay warm this winter.

### **0300 ET**

Someone on the message board posted a story from WTOP that military police were seen setting up roadblocks throughout Washington, D.C. There was no video or other confirmation within that hour. I had to make double strength coffee at that point in time but instead set my alarm for 0500 to try to grab a nap. I was not about to miss what was going to be a day to remember in American history.

### **0509 ET**

So sue me! I hit my snooze button then realized I fell asleep with the computer and television on and the news was flying. In big bold red at the top of CNBC's screen was the announcement COUNTDOWN TO SPEECH and a counter moving towards 0700 Eastern. As I flipped the channels half awake, I noticed a BREAKING NEWS announcement on CNN and there was a feed from WSB in Atlanta, GA with their helicopter video of the Georgia State Patrol closing off all streets within three blocks of the Federal Reserve Bank in Atlanta and also around the Federal Home Loan Bank. That sent a chill down my spine as I flipped back on to the computer to see over two hundred unread emails and message upon message about shortages, internet outages, credit card problems and worst of all, gas stations running out of fuel. The other shocker was the suspension of international flights in many U.S. cities as the suppliers put every airline on C.O.D. effective immediately at 2:30 a.m. Eastern Time and that suspended a ton of flights inside the United States and worldwide. The cascading effects were stunning, even to those of us who were warning about it.

### **0530 ET**

Several European markets attempted to open in coordination with Middle Eastern markets but the declines were so severe that within ten minutes of trading the authorities shut them all down within a half hour:

**RUSSIA -35%**

**SAUDI ARABIA -43%**

**ISRAEL -22%**

**SWITZERLAND -17%**

**GERMANY'S DAX -41%**

**CAC 40 – 29%**

**FTSE 100 – 32%**

The Euro was up another 10% against the dollar and the Swiss Franc was now worth over \$1.40 U.S. As the discussions about the problems with the U.S. dollar accelerated, banks were being shut down in Europe in nation after nation to prevent runs. Sadly for the Brits, the Sterling was now trading so poorly in Europe that it was worth just 1/3 of a Euro at some trading desks. By the top of the hour, video of riots in front of banks in Frankfurt and Glasgow were broadcast nationwide. At 5:55 a.m. Eastern the news took a dark turn with this BREAKING NEWS headline: **OBAMA AND BERNANKE TO SPEAK TO THE NATION AT 6 A.M. EST**

### **0600 ET**

The speech was low key, solemn and to the point. Obama announced a one week bank holiday. All credit card transactions and all collection actions of any sort were hereby suspended for seven days. All financial markets were closed until further notice. All mortgage and bill payment due dates were suspended for thirty days and no past due notices nor penalties were to be allowed by Federal Law. All schools were closed for seventy-two hours be they public or private. The city of Washington, D.C. was hereby declared to be under a state of martial law and all citizens were ordered to

observe a curfew from 8 p.m. to 8 a.m. daily. Just as that sunk in, Ben Bernanke stepped up to the microphone to announce that President Obama, Treasury Secretary Geithner and all of the Federal Reserve Presidents along with himself were going to depart for Geneva for an emergency meeting of the G-20, IMF, World Bank and United Nations Financial Stability Working Group. Bernanke also announced that Citigroup, N.A. and Bank of America were hereby nationalized and placed under control of the United States Treasury under the auspices of the FDIC and that Sheila Bair would have an announcement at 8 a.m. Eastern. As he finished the announcement, an obviously exhausted Federal Reserve Chairman concluded by assuring the citizens of the nation that a stable currency was their only goal from this meeting of world financial leaders. I noted he did not say what currency though he was referring to.

### **0800 ET**

By now, CNBC, Fox Business and Bloomberg were knee deep in wall to wall coverage but so were the broadcast and cable networks. America was on the brink was the preaching and screaming and the “bulls” were being gored by the permabears every time they uttered any statements about “how we’ve been through worse” etc., etc.

The announcement of the seizure by the FDIC of two of the largest banks in the world was pretty standard and short. The follow up statement by Ms. Barr though is what caused every newsroom to take pause when she stated that “further consolidations will be announced in the next seventy-two hours.”

The Bubblemedia was stunned and even shocked when Canada announced that they would attempt to open their financial markets for two hours of trading and that their banks would be open for normal domestic customers and business from 10 a.m. until noon Eastern time. Everyone on television looked at each other and just asked “How?”

### **0900 ET**

I had forgotten to call in sick to work but then again the phone call from the company owner was pretty much a “well now what” as we laughed in a gallows

humor discussion. He understood why I was home and he had already told the employees that he was closing at noon and would reopen when we could actually collect real money on what we sold and leased out. I told him I would call him at home later or meet him with a bottle on the golf course in the morning, weather permitting.

The chilling video of the Federal Reserve heads, Geithner and Obama boarding Air Force One to leave for Geneva from Washington, D.C. really had an impact on me.

### **1000 ET**

The Canadian markets opened up 10% in ten minutes then rolled over down 31% by 10:30. The scary part was that the Canadian dollar kept on rising even though commodity trading was suspended and everyone was wondering just what gold would be priced at if the markets were allowed to trade.

As the day wore on, it was a blur of shocking story after shocking story. The President and his entourage arrived in Switzerland along with other world leaders but little was discussed or disclosed. The reports of banks being fire bombed by nuts throughout parts of the U.S. made the international news and caused all of us to feel somewhat uncomfortable as to what was next. The 8 p.m. interruption of normal prime time programming with a FEMA NEWS ALERT which lasted ten minutes and was repeated at the top of every hour with little if any information caused even more panic in the masses. Today I watched our dollar die in a matter of hours even though I knew how it was killed months if not years ago. I just wondered how bad the announcement out of Geneva was going to be as our bankers and politicians sold our souls out to save their rear ends.

I also wondered if I would ever sleep again.

<http://johngaltfla.com/blog3/2009/11/18/the-day-the-dollar-died/>

Part 2 will be included in next month’s issue are read it online at <http://johngaltfla.com>

*A special thanks to “John Galt” from all of us at DGCmagazine for permission to reprint his material.*



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## THE DUST OF RIBA: AND THE RUSH FOR GOLD

by Davi Barker

*“There will come a time when you will not be able to find a single person in the world who will not be consuming riba. And if anyone claims that he is not consuming riba then surely the dust of riba will reach him.”*

Abu-Dawood Hadith 3325

Narrated by Ibn Isa

The Messenger of Allah is reported to have said,

*“A time is certainly coming over mankind in which there will be nothing left that will be of use save a Dinar and a Dirham”*

Musnad, Ahmad ibn Hanbal

Narrated by Abu Bakr ibn Abi Maryam

The Arabic word *riba* literally means “increase.” Generally we understand it to mean, “usury” or “interest.” In exchange for the privilege of a loan the borrower pays the lender an additional percentage of the loan’s sum. Shariah defines numerous other forms of *riba*, but this is the most common form in the modern world. Historically money lending of this type was forbidden in all prophetic traditions.

The earliest prohibitions of usury come from 4,000-year-old Vedic texts, the oldest religious manuscripts of Hinduism. In the *Jatakas Tales* of Buddhism, roughly 2,500 years old, usurious lenders are referred to as “hypocritical ascetics” (1). The Torah refers to usury as *neshekh*, meaning “a bite” and *avak ribbit*,

literally “the dust of interest” (1). Sound familiar? Numerous warnings throughout the Bible guided Jews and Christians of the past to acknowledge the inherent injustice of such transactions. Deuteronomy 23:20 reads, “You shall not demand interest from your countrymen on a loan of money or of food or of anything else on which interest is usually demanded.” In the middle ages the Catholic Church interpreted passages like this as a strict prohibition against charging interest on any loan. It was the teaching of Thomas Aquinas that the purpose of money was to serve the greater good of the people by facilitating the exchange of goods needed to live a pious life. Adherents of all these faiths once recognized that such an economic system funneled wealth out of the hands of the borrowing class, into the hands of the

lending class, further separating the rich and poor. In the modern world it is Muslim scholars who preach the dangers of interest. Just as Thomas Aquinas, and Aristotle before him, they teach the inherent oppression of usurious transactions, and they teach the use of money to promote the general welfare, to establish economic justice, and to facilitate as a medium of voluntary exchange and charity.

So... what is money? If you search Google for a definition of "dollar" the first result will be, "the basic monetary unit equal to 100 cents." Which begs the question... what is a cent? to which you'll receive the result, "a fractional monetary unit worth one-hundredth of the value of the basic unit." It's circular! Inshaallah, I will endeavor to illuminate the process by which the U.S. dollar comes into being, to show that the monetary system in the U.S. is built upon a hidden usury known as inflation, to argue that this *inflation* is predicted in the Hadith, and to propose some common sense solutions to the economic injustice inherent to the U.S. monetary system both from the Sunnah and from the U.S. Constitution.

In 1913 the U.S. Congress passed the Federal Reserve Act granting monopoly power to print money to the Federal Reserve System. The concept of the Federal Reserve System was actually not devised by the US Congress, but by a group of International Bankers who met in secret on an island off the coast of Georgia (2). The first fraud perpetuated by this system is the name itself. The Federal Reserve System is not federal. It's owned by private shareholders, motivated by private profits. To prove this look to your phone book, where you will find the Federal Reserve in the business listings right next to Federal Express. The Federal Reserve System is not a reserve. There is no gold. There is no silver. They print a baseless paper note. Its only value is derived from public confidence in the U.S. government... which is declining. The Federal Reserve System is not a system. It is a central bank, which was bitterly opposed by the drafters of the constitution. The founders recognized the importance of honest currency. They understood inflation, which is why they wrote in the constitution, "No State shall... make any Thing but gold and silver Coin a Tender in Payment of Debts." (3)

So, why perpetuate this fraud? How does Congress benefit? The answer is limitless credit. The Federal Reserve gives Congress the ability to borrow money to fund

their projects without directly taxing their subjects. But where does the money come from? It simply springs into being the moment they sign the loan. Unable to fund its devastatingly expensive wars throughout the world, the US government has abandoned the stability of a gold standard and embraced a fraudulent system of fiat currency. Fiat currency is paper printed by The Fed and borrowed by the government. The dollar is not backed by any commodity. It derives its value from legal tender laws that obligate subjects to use the dollar. Ironically, the dollar itself behaves like a commodity in the market, and like all commodities it becomes subject to the market pressures of supply and demand...

Here's the dust.

When the government borrows money from The Fed (with interest of course) they circulate an ever increasing amount of paper notes into the economy. Increased supply means decreased demand. The more they print, the less value the money already in the system holds. This is the cause of inflation. Most people incorrectly believe that inflation is the rising cost of products, but this is only the result. Inflation is actually the lowering buying power of the dollar. When the Fed prints money to pay for the government's war spending the buying power of that new money is stolen from the buying power of the dollar in your pocket... it's an invisible interest that is built into the U.S. monetary system. The Fed then obfuscates this by manipulating the interest rates on loans and savings accounts. So, while the dollar amount in a savings account may increase by interest, the actual value is decreased by inflation. Since the inception of The Fed the buying power of the U.S. dollar has dropped 96%. So today's dollar is worth only 4 cents compared to the gold dollar of 1913. Soon it will not be worth the paper it's printed on, and this country will enter into the same economic recession that toppled the Soviet Union. Fiat currency is a fraud. Like all forms of usury it funnels money out of the hands of the borrower, the government and by proxy the American people, and into the hands of the lender, the Fed and therefore the International Bankers.

The prophet Muhammad (peace be upon him) predicted this economic catastrophe when he said that one of the signs of the approach of the Hour is that wealth will increase to such an extent that one will not be satisfied if given one hundred dinars (4). Shariah defines a dinar as 4.25grams of 22k gold. In today's gold market where

# PROTECT AGAINST INFLATION USE GOLD & SILVER



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gold just passed \$1000 per oz. that's a value of about \$136. One hundred gold Dinars in today's market would hold the purchasing power of about \$13,600 (425g of gold). Let's compare that with the purchasing power of the dinar in the time of the prophet(saw). One Hadith describes the prophet(saw) purchasing an old camel for 4 dinars (5). In U.S. dollars that's \$544. Another Hadith describes a gold and pearl necklace purchased for seven or nine dinars (6). In today's market that's \$952 or \$1,224. A similar Hadith is narrated of a gold necklace studded with gems being sold for 12 dinars (7), which is \$1632. These are not unreasonable prices in today's market. The purchasing power of gold has remained relatively stable for 1400 years, and throughout history. It's the value of the dollar, and fiat currencies like it, that fluctuates and declines. Today most Muslim majority countries have abandoned the gold dinar and instead based their currency on the U.S. dollar. Today 100 Kuwaiti dinars hold the purchasing power of \$366 (11.4g of gold). 100 Libyan dinars hold the purchasing power of \$84 (2.6g of gold). 100 Iraqi dinars hold the purchasing power of just 8 cents (.002g of gold). (8) If you take this Hadith to mean 100 gold dinars the value has not changed. 425 grams of 22k gold is still 425 grams of 22k gold. But if you take it to mean 100 of the fiat dinars printed in any Muslim majority country it has already come to pass. So, while the Kuwaiti dinar can boast that it is the highest valued monetary unit in the world (9), is worth only 3% of the value of the gold dinar prescribed by Shariah. This is because printing fiat money debases a currency, harms the economy, funnels wealth into the hands of the rich, and levies an invisible usury against the poor.

The solution to this looming economic crisis is obvious. Return to the Sunnah. Invest in gold and silver. Exchange in gold and silver. This is surprisingly easier than it sounds. Gold is becoming increasingly more accessible and more liquid in U.S. markets through websites like kitco.com. Websites such as e-dinar.com deal in precious metal accounts and sell dinars and dirhams in the measurements of the Sunnah.

Imagine this scenario. Say you own a grocery and a customer comes in to purchase a loaf of bread costing \$1.50. In exchange he offers you a choice. You can either accept 6 quarters, composed of 92% copper and 8% nickel, or 1 Islamic Dirham of equal value, composed of pure silver. Which would you take? The wise

grocer would take the silver, and here's why. If you hold the 6 quarters and the one dirham in a safe for 30 years the dirham will still buy a loaf of bread, and the quarters will likely not buy a slice of bread. Precious metals are inflation proof because they hold intrinsic value. Their value may fluctuate with the market, but they can not be devalued by the actions of Congress and the Fed. If that's not enough of an incentive consider this. If you take the quarters you have made a sale. On that sale the government collects a sales tax from the buyer and an income tax on the seller. If you take the dirham you have not made a sale. You've traded two commodities of equal value, with no U.S. dollars exchanged. Using gold and silver as a medium of exchange keeps a community's wealth in the community. Imagine the baraka in conducting your transactions, paying your zakat and sadaqa, or even giving a marriage gift in the denominations of the Sunnah.

The first and most important step is something you can do right where you're sitting now. Make the intention. In your heart believe that gold and silver are real money, and that fiat money is a userous fraud. The next step is to educate yourself and other Muslims around you about these important subjects. Share this information with others. Copy it and distribute it. Locate and read *The Gold Dinar and Silver Dirham: Islam and the Future of Money* by Imran N. Hosein (10). Copy it and distribute it. It's time that Muslims took steps toward protecting economic justice, both for themselves, and the society they live in. A basic economic principle is that good money exposes bad money. It's time to revive this long lost Sunnah.

For more info:

(1) The History of Usury Prohibition By Wayne A.M. Visser and Alastair McIntosh

[http://www.alastairmcintosh.com/articles/1998\\_usury.htm](http://www.alastairmcintosh.com/articles/1998_usury.htm)

(2) The Creature From Jekyll Island By Ed Griffin

<http://www.realityzone.com>

(3) US Constitution: Article I, Section 10, Paragraph 1, Clause 5

(4) Bukhari, Volume 4, Book 53, Number 401

(5) Bukhari Volume 3, Book 38, Number 504

(6) Abu-Dawood Book 22, Number 3345

(7) Sahih Muslim Book 010, Number 386

(8) Oanda Currency Converter  
<http://www.oanda.com/convert/classic>

(9) Wikipedia - Kuwaiti\_dinar  
[http://en.wikipedia.org/wiki/Kuwaiti\\_dinar](http://en.wikipedia.org/wiki/Kuwaiti_dinar)

(10) <http://www.imranhosein.org>

###

Davi is an SF Muslim Examiner. His other articles may be found on the Examiner web site.  
<http://www.examiner.com/x-17122-SF-Muslim-Examiner>



*Davi was born in California and during childhood travels he was struck by the wonders of nature -- a lightning storm over a primordial desert in Arabia, or the cherry blossom petals sprinkling down on the floating markets in Thailand. He spent his adolescence as an outsider, but recently is realizing alienation is not uniqueness, but a universal similarity that crosses all cultures and religions, caused by our separation from our true self and our separation from nature.*

*Every Prophetic figure in human history sought solitude in nature. Siddhartha sat beneath the Bodhi Tree and returned as the Buddha. Muhammad retreated to the Cave of Hira and returned as the Prophet of Allah. Even our Secular figures did this. Thomas Jefferson built Monticello on the summit of the Southwest Mountains in Virginia where he wrote, "Those who labour in the earth are the chosen people of God."*

# WEBMONEY TRANSFER'S PRO-ACTIVE MOVE TO BLOCK OUTSIDE CURRENCY EXCHANGES WITH WM

In an effort to prevent possible improper use of their digital payment systems, Webmoney Transfer has banned the exchange their currency with a number of other local digital currencies including "Yandex.Money", Moneymail & WebCreds.

According to the company, this decision was made because, "Yandex.Money and other systems do not provide proper identification identity of the owner of funds that could contribute to illegal or questionable transactions."

This major action by Webmoney Transfer is considered a very positive pro-active response to ever changing market and regulatory conditions.

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

<https://www.swapgold.com>

# VIRTUAL MONEY INC. RECENT BUST NOW LINKED TO COLOMBIAN DRUG MONEY

After government agents stormed the Texas offices of Virtual Money Inc. it became public that the bust was a part of a larger DEA sting known as "Operation Highwire."

The U.S. Drug Enforcement Administration says the 64 year old Virtual Money Inc. (VMI Cards) President Robert Everett Hodgins accepted \$100,000 and agreed to launder Colombian drug money. The important item to note here, is that Robert did all of this business while being taped, recorded and witnessed. Rumor has it over the previous years, he and his VMI stored value debit card biz, laundered cash for more than one Colombian bad guys. According to court documents Robert was charging 10% commission to move dirty funds through the VMI system.

Earlier this year, the public part of a Connecticut Court Federal indictment (*originally filed in April 2008*), accused Robert and 8 others of money laundering and conspiracy to commit money laundering. This case goes all the way back to 2006

when, as the government alleges, drug dealers moved dirty cash through the prepaid cards and withdrew more than \$7 million USD through ATM machines in Medellin. (Yes, Medellin, Colombia)

Hodgins lived in a half million dollar home in Oklahoma, his company was located in Dallas, but his current whereabouts are anyone's guess. (Malaysia?) A statement from Robert's lawyer, denies any wrongdoing. Hodgins and the other accused parties mentioned here have not been convicted of any crime and are presumed innocent. It is worth noting that Malaysia does have a new MLAT with the U.S. which was mentioned in the February 2009 issue of DGC Magazine.

<http://issuu.com/dgcmagazine/docs/feb2009>

## BIRDS OF A FEATHER FLOCK TOGETHER

VMI also provided debit cards or accepted funding from the "now closed": ADS - Ad Surf Daily, Phoenix Surf Ponzi scheme, CEP Ponzi, and other HYIPs. Deposits to the VMI cards were also made through a number of other digital currencies.

Today there is a "Virtual Money Card Services" web site up now, (possibly for a comeback card tour?), at <http://www.virtualmoneyinc.com/>

It's now called "Virtual Money - One World - One Card - One Solution"

Photo courtesy of

<http://virtualmoneyincscam.blogspot.com/>

Additional Source: <http://patrickpretty.com/>

Reported to be Robert E. Hodgins



# GIRO.WS



## Internet based classified, business and countertrade network.

**In simple terms is it a barter network... or what is it exactly?**

giro.WS™ is truly unique in the metal-backed digital currency industry. To the best of my knowledge no other system allows members to post ads, market their business globally and network locally for FREE, plus make silver-backed payments! Members decide how they want to settle trades. I would call the system sort of quasi-barter. Traditional barter, conventional means off-system, our proprietary digital trade unit Smilie Digital Dollar (SD\$) or combinations are all possible options on the system.

**So giro.WS™ is a digital barter web site and the unit used to exchange digital value is the Smilie Dollar™... and each Smilie Digital Dollar™ represents what in metal value?**

One (1) SD\$ equals one thirtieth an ounce of .999 fine silver.

**What can I do with it?**

Members can trade SD\$ amongst themselves via the Internet within our system. Also, SD\$ may be redeemed by members for Silver Smilie medallions at the prevailing BASE Value in minimum and

incremental amounts of twenty (20) ounces. **Like other popular digital currencies, are all transactions final?**

All transactions on the system are final and can not be repudiated.



**What is a Silver Smilie medallion and where are they minted?**

A Silver Smilie medallion is one (1) Troy ounce of .999 fine silver. It has a fun design with plenty of symbols/detail to keep the collector and conspiracy theorist busy divining meaning. Each is currently dated 2007 and has a nominal face-value of twenty (20). At present all medallions are minted at Northwest Territorial Mint and includes a certificate of authenticity.

Is there anyway for me to exchange my SD\$ to

cash like an independent exchange agent or is that permitted?

Members may trade SD\$ for whatever they like between each other. They are expressly forbidden to post ads to buy/sell SD\$ on the system according to the Terms of Service. Members can also use the services of a Smilie Currency Center (SCC) in their area to make exchanges.

Do you have an iPhone app?

Presently at this time we do not have a specific iPhone app, but someone with an iPhone and Internet connection would be able to use the regular system quite easily.

Do you offer mobile access to giro.WS™ and what can a customer do using mobile?

We have a great secure mobile app [www.giro.ws/go](http://www.giro.ws/go) that members with an Internet-enabled cell phone or PDA can use to make SD\$ payments and check balances.

What kind of referral system do you have in place and what does 'Brokering a new member' mean?

Smilie Associates (SA) receive SD\$50 for each new SA they refer to us. VERIFIED members can broker new members on to the system and manage ads and invoices for their brokered members.

Have you create giro.WS™ as a global-only Internet system or is it possible to use this for my local area trading?

As stated at the beginning a member can market globally and network/trade locally. We have the ability to create what we call Local Trading Groups (LTG) based either on geographical or common bond parameters. Meaning, if you have a sufficient number of local businesses in say Portland committed to participating or somebody wants to start up a broader Kiwanis Club LTG, it is possible with a dedicated listing on the system.

**I'm a fan of paper notes, why would I choose your digital system over a local paper community currency? What advantages do you offer?**

To be totally honest I would never tell somebody to choose our system over a local paper community currency system! I'm a firm believer that local circles of exchange are of the greatest benefit to a community regardless of how they are executed. But nevertheless, the advantages of our system are numerous. Localization if desired, centralized accounting and administration, no lost/destroyed notes or tokens and redeemable for silver.

**Can you further explain giro.WS™ or provide some info which will make me feel all warm and fuzzy that your online barter system is legal and users will not encounter some crazy U.S. charge and lose their digital money like happened to e-gold?**

Anybody may open an account with minimum details provided, but we are not the place for people to be, if they are trying to be anonymous and conduct value orientated transfers. We work within a self-imposed 'know thy customer' (KTC) philosophy. If a SD\$ order is placed with us a member's account details must be accurate. If a member account meets certain SD\$ thresholds they must get VERIFIED or their account is frozen until compliance. Redemption can't happen without being VERIFIED. Questionable activity will be investigated thoroughly. We will not have members going around with medallions trying to dupe cashiers saying it is 'real money'. Plus, I don't know of any (supra)national entities or central banks that put a smiley face and 'NOT Legal Tender' on their money. I'm legally registered and based in Georgia (Republic) as an Individual Entrepreneur (IE). I'm not hiding behind a limited liability registration. Every SD\$ issued is first a person to person (P2P) transaction between the buyer and myself. Downstream SD\$ transactions are also P2P. People in most places are still allowed to trade and with whatever they like within reason. In my opinion e-gold and others were/are ripe for abuse and them saying 'we're just a platform' and therefore not responsible for member activities seems disingenuous.

**Who do you see as your direct competition?**

This is really a tough question. I'm not naive enough to say we don't have to compete, but competition is not necessarily what we are about. I'm trying

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to create something unique, fun and ultimately beneficial for all participants! First off I would say central bankers and the money already in people's pockets. Unfortunately it is a losing battle if you are trying to go head to head. Just the ideas of the why and how is enough for most people to tune out. Exploring SD\$, BASE Value, silver, etc. are not the easiest thing for someone to wrap their head around. Even traditional barter companies are working within the fiat realm. Digital gold currencies (DGC) are a completely different beast and I don't see myself necessarily in direct competition. The thing I've noticed with DGCs over the years is that there isn't really a mainstream central marketplace where people are actually trading. Yes, you see the odd website or HYIP that accepts them, but it is on the fringe and maybe that is the ultimate lesson. Gold is too precious for everyday transactions. Silver has always been a traditional form of circulating currency and our system converging the power of the Internet, a known commodity and infinite digital divisibility in unparalleled.

**Is it currently permitted by giro.WS™ to exchange SD\$ for another digital currency such as Webmoney or Pecunix?**

SD\$ is a proprietary trading unit. It is not fungible with other digital currencies. That is not to say members couldn't exchange amongst themselves, but it is not a service we offer.

**I understand you are just getting started, but when can we expect to see audited information on the silver backing the SD\$?**

What we will probably be doing for the first year or so is posting the storage facility statement, along with a system screen shot and walk people through the math. I'm tentatively planning on doing the first one around June 1. At this point starting out at zero it just isn't cost effective for full regular independent audits.

**Where is the server located that holds your business?**

Our dedicated server is located in a state of the art facility in the UK with 99.9% uptime.

**There are a ton of online barter webs that offer their own digital unit, is there any other barter company that backs their unit with precious metal? (is giro.WS™ unique?)**

I would say we are the only barter system that backs our unit with precious metal. Unique yes!

**Correct me if I'm wrong but your giro.WS™ web is not just one tool or one feature, it's many tools packaged to work side by side, correct?**

Completely correct. Basic FREE members may post offer/request ads, check references, search, use the internal message system and send and receive SD\$ payments. I like to think of the system as a hybrid of something like a hyper craigslist and DGC mix.

**To get me started, how do I first place an order for SD\$? How do I pay for it?**

This has been one of the biggest problems to implement with the site. Getting a merchant account has been impossible over the last six months to year and been a big problem in getting the site live sooner. All providers say (wrongly without understanding the system) I'm operating a transmitting or exchange business, plus being coupled with precious metal component is a double whammy. In my search though, I stumbled upon a very innovative P2P payment system started by PrivatBank (a Ukrainian-based bank) called [www.liqpay.com](http://www.liqpay.com). They accept Mastercard/Visa and it is real simple. You go to the website, enter you mobile phone number, a one-time unique sms password is sent to your cell, you enter the password and you are in. From that point you simply enter the mobile number of the receiver, either fund from your balance or debit/credit card and after processing a confirmation sms is sent to the receiver. I know immediately when someone places an order. We have 'Buy Now' buttons on the site to simplify the process. It is really cool being a payment systems nerd to see such innovations! We will also accept direct bank wires and Western Union/Moneygram, but they are only cost effective with larger orders.

**Can I use the Smilie Dollars™ for business unrelated to your barter system? In other words,**

**if I need to pay a friend for coding work he is doing on my 'date-an-ugly-guy' matchmaker web site, can I pay him in SD\$ even though the transaction did not go through your barter system?**

A couple of things need to be clarified. When I use the word barter it is simple a way to explain the concept of using the digital trade unit instead of cash, check, etc. If I trade you a Silver Smilie for 15lbs of tomatoes we have transacted using simple direct barter. But, you posting an ad for your tomatoes and me paying you with SD\$ are not dependent on the former for the latter to happen. On giro.WS™ you may post your ad and accept for payment what you wish. If you are going to accept SD\$ though they have to go through the system. A SD\$ only exists and can only be trade via the Internet on giro.WS™. The only requirement for your above question is that you friend is also a giro.WS™ member.

**The current base is \$30, which seems to be a good level. What is the next base price?**

The next BASE Value is 40 i.e. SD\$1 would equal one fortieth (1/40th) an ounce of .999 fine silver. The system will only revalue if the thirty day moving average (30DMA) stays at or above \$25 for thirty (30) consecutive days.

**What happens to my 1 Smilie Dollar™ when the base changes?**

SD\$ as a digital currency was created and is meant for trading. We have tried to strike a balance with the previous statement, including the small trader, larger vested interests and our need to have a profitable model for everyone including ourselves. We are not a silver investment vehicle. SD\$ trades 1:1 with a US dollar (voluntary and negotiable) on the system regardless of the prevailing BASE Value. That is not to say it isn't possibly to have a buy or accept SD\$ low and redeem high situation, but after the repository processing fee and insured shipping you probably would come out nil. You might also consider the typical twenty plus percent loss you will take if you ultimately have to sell for quick cash via a pawn shop or coin dealer. If and when the system revalues from BASE\$30 to 40 members would see their SD\$1 represented in actual

silver go to 1/40th instead of 1/30th an ounce. SA making additional SD\$ purchases after upgrading membership including Smilie BONUS and Smilie REWARDS (at revaluation) would be minimally impacted by a BASE Value change. SCC would return their SD\$ credits (in 20 ounce increments) to system at BASE Crossover, giro.WS™ would destroy credits and reissue in the new BASE Value. A proprietary SD\$ and the silver it represents hold the most value possible staying in and being used on the giro.WS™ system!

**In simple terms (less than 200 words!) , what are Smilie BONUS and Smilie REWARDS?**

Both are SA benefits. SA are given a Smilie BONUS based on the market price of silver. Up to 20% extra SD\$ credit is automatically received at time of order fulfillment. Smilie REWARDS are additional SD\$ credits given to SA when the system BASE Value changes.

###

*I'd like to thanks Mark Queen for taking time to answer my questions and wish him success in this new venture.*

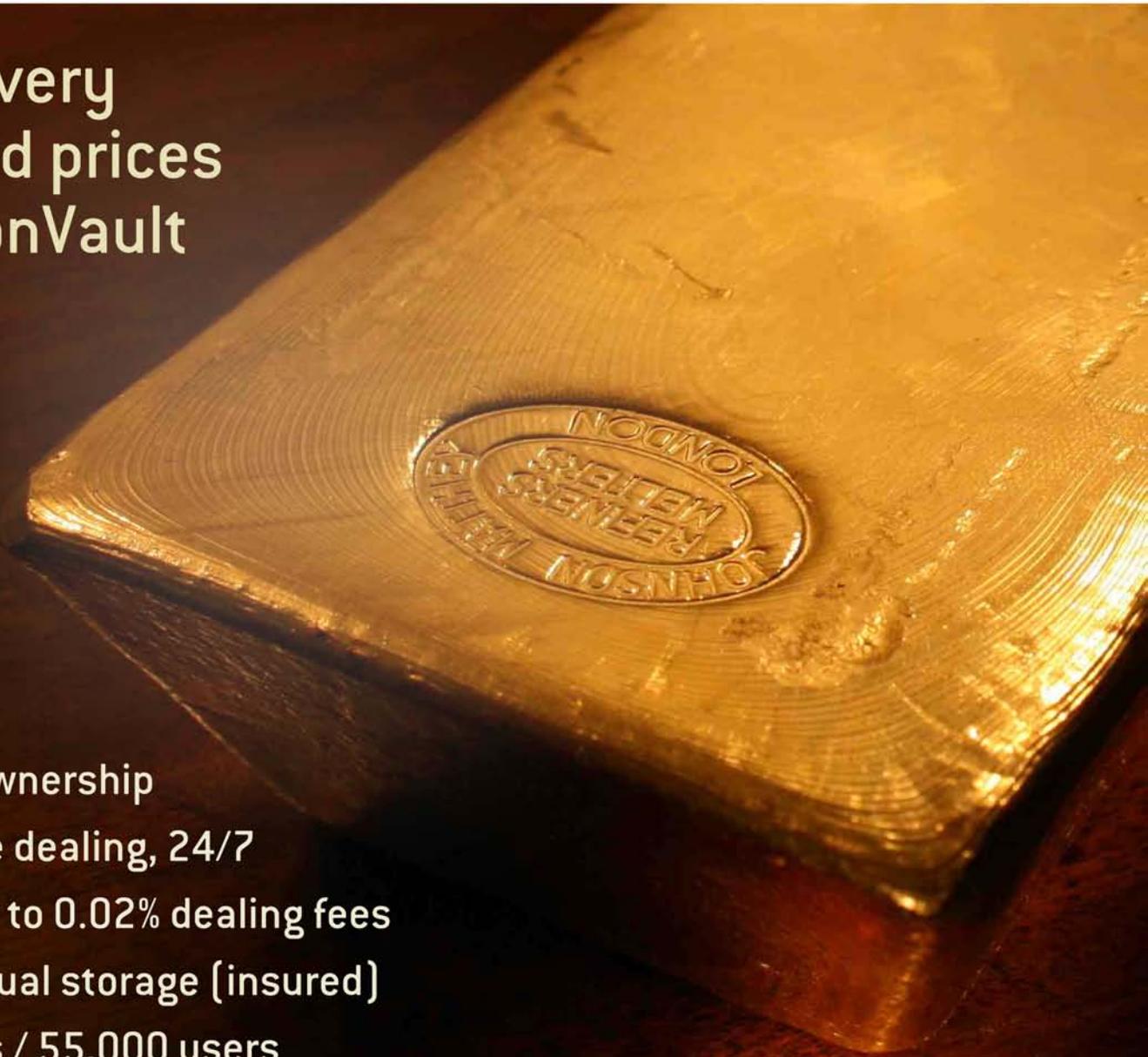
**INTERVIEW BY MARK HERPEL**



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# The Widow's Tale

By Claire Wolfe

*Once again reporting from the near future and the fabulous floating center of the precious metals trade in the post-paper age, Gold Island.*

Could it really have been only five years ago that she was young, happy, and full of hope? It seemed like an eternity -- a dream from ages past.

Now, as she looked in the mirror, she saw ... Morticia Addams. Yes, the macabre old cartoon, TV, and movie character. It wasn't just because of the funereal black she wore. After all, she had just returned from her husband's funeral; black was foreordained. No, it was also the too-long, too-lean face with its sunken cheeks, black-shadowed eyes, and deathly pallor. It was the stringy, unkempt hair. It was the drawn expression. Her expression of pain and sorrow had become so constant it was beginning to be etched into the planes of her face, carved (so it seemed to her) into the very bones of her skull.

She was aging as gracelessly as a corpse.

-----

And that, friends and readers, is where The Widow's Tale begins -- or at least that part of The Widow's Tale that eventually led her to Gold Island.

The Widow, as you may know, owns a toney restaurant on one of Gold Island's toniest esplanades. She also owns a hole-in-the-wall shoppe in a quaint alley behind the restaurant. That shoppe, as we saw in our last Gold Island report, specializes in the sale of utterly worthless money -- from debased Roman denarii to U.S. dollars. Worthless money is exactly what drove The Widow here.

We meet her in her mirror just as her life bottoms out. But every bottom pre-supposes a rise. And like a phoenix from the ashes, The Widow was about to soar -- although some, depending on perspective, might say she soared more like a vulture -- or a bat -- than a phoenix.

-----

Gazing sorrowfully into the bathroom mirror, The Widow mourned far more than her dead husband. In fact, by the time he ate the vacuum-cleaner hose while sitting in his soon-to-be-repossessed Nissan Pathfinder, she felt a pang of guilty relief. His suicide had been a long time coming. Although his gruesome death knocked her to her knees with grief and horror, it also ended *his* pain and put a stop to years of tension within their marriage.

They had both been so hopeful, once.

She was born a child of privilege, daughter of an attorney and a modestly successful software designer. She had been pretty. Her world had been golden. She grew up in a leafy suburb of brick houses, winding driveways, pampered dogs and pampered daughters.

Oh, not that she was ever some upper-middle class Paris Hilton. On the contrary, she was bright, studious, and ambitious. She received and accepted a form of love that simply made her confident she could succeed at anything she tried. Money and adoration improved her; they made her strong.

And she did succeed, going to Harvard on a partial scholarship, majoring in math, then stepping onto a Wall Street career that was sure to be an escalator that would carry her straight up into good fortune.

Future good fortune doubled when she met Doug, a young man riding his own career escalator in the upscale retail field. He was a finder and a buyer of cool gadgets for yuppies who had money to burn.

They fell in love. Their love was the modern kind, made up of quick meetings for lattes between appointments, business trips, and late hours at the office. Often, over cinnamon-sprinkled grandes they talked about their glowing future and their growing investments. They had it all -- 401(k)s, nice, safe certificates of deposit, a handful of excitingly risky new-technology stocks, and a growing portfolio of the safest sorts of investments, impeccably rated by outside authorities, in the always-growing field of mortgage lending.

Although they worked prodigiously and sometimes met more fleetingly than proverbial ships passing in the night, they always shared one glorious certainty. After sacrificing daily pleasures and stuffing every spare dime into their well-chosen investments, they would both retire at 50, buy a yacht, and sail around the world without a care.

This shared dream bound them together and bound them both to their future, even as their career-driven days kept them apart and -- unfortunately -- kept them from seeing a bigger picture of the world. The year was 2008. A glorious summer was about to plunge into a spectacular fall.

-----

You know what happened. You know the big picture, if not this couple's specific details. The very things that they failed to see -- that in fact they couldn't and didn't dare see because of their positions at the bottom-center of the world of finance and spending -- reached out and took a bite out of them.

Their investments were the first to go. The 401(k) dropped by 40 percent. When the CDs came up for

renewal, the new ones available paid next to nothing. The risky stocks staggered. Worst of all, the "safe" stocks and bonds collapsed utterly, going from dollars to cents to lawsuits and scandals in no time at all.

"But this is just temporary," they promised each other. And went on dreaming of anchoring their boat off Bora Bora.

Then Doug got downsized.

"It's okay," they assured each other. "there will always be plenty of jobs for bright young university graduates."

"I can carry us both 'til you find another job," said the soon-to-be Widow. "In fact, why don't you take a few months off and start work on that novel you've been talking about. By then, the economy will have recovered and it'll be easier for you to find work."

And so she carried him. And so he threw himself into work on his novel.

And so she carried him -- as he sat in front of his computer, realizing he had nothing to say and no inclination for saying it. Stock markets began to climb back up and bigwigs spoke of "green shoots of recovery." But somehow those verdant shoots remained out of site of normal people. Jobs remained scarce. Nervous people saved instead of buying.

And so she carried him -- as he secretly spent his days drinking vodka and surfing porn sites, quickly scarfing down breath mints and switching to wsj.com just before his exhausted wife dragged herself home.

And so she carried him -- as she discovered his vices, as they argued, as he then pretended to be searching Monster.com for a new job and pretended to go out several times a week for interviews. Each pretend interview was always wildly hopeful. But of course they never came to anything because they were no more real than those "green shoots."

And finally, they didn't even pretend any more. Her job in finance was safe enough, even if she somehow missed out on all the crazy-wild bonuses reported in the news. Her company got a bailout. It hung on. It



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even reported a profit. Some of their banking stocks went back up.

But somehow, Doug couldn't be hopeful any more. And his wife could only be tired -- of her work, of futility, and of the husband who felt like a dead weight dragging down her life.

They never spoke of Bora Bora or Madagascar again.

And then came the hyperinflation. You already know its impact. You know how it devalued salaries, raped savings, and threw first the U.S. then so many other parts of the world into an ever-spinning downfall of both financial and social chaos.

And that was Doug's downfall, too. With savings gone, all jobs on hold, and a new law requiring that all debts to banks and credit-card issuers be tabulated in inflation-adjusted dollars (so that sunk folks couldn't even get inflation's one big benefit -- the ability to pay off expensive old debts with cheap new dollars), he slipped into the garage one day while his wife was at work, inserted the vacuum-cleaner hose into the tailpipe of the Pathfinder ... and left his wife and his troubles behind.

-----

After his funeral, she continued to stand numbly, gazing into the mirror. But she knew she couldn't go on like that. She had to break the evil spell that held her there, staring pointlessly at herself.

She picked up one of the tortoiseshell, boar-bristle hair brushes from the better days and began to stroke it through her stringy hair. Yes, that's me, she thought, Morticia Addams.

Then, as she stood there mourning her ruined life and her lost love, it occurred to her: Morticia Addams isn't the worst thing in the world to be.

After all, the old character was cinematically ageless, from Carolyn Jones to Anjelica Huston to Daryl Hannah. And ... well, some men still thought the glamorous ghoul was sexy-hot, no matter which actress's body she inhabited. And here she was, The Widow, not much past 30 and still with plenty of life

in her, if she could rouse herself to use it.

Her brush halted in mid-stroke. She had an idea.

Her idea would take some time, and a good measure of luck. It would offer no certainties -- only one very long challenge. But it would give her a goal, something to live for.

The next week when she returned to work, she asked her employer for a demotion.

"You want what?" her startled superior sputtered.

"I know the salary's less and I'll be just a small part of a big team. But I want the job of administrative assistant on our team in Washington, D.C. It is open, isn't it?"

"But that's nothing more than a glorified secretary's position. You're totally overqualified."

"Yes, but you know, for the moment I could do with less pressure and less responsibility. And in the long run ... well, look, you and I both know that Washington, D.C. is where all the crucial action is. And that's only going to be more true in the future. The rest of the country is dying. Washington is alive."

She got the job.

She became a good little secretary. Very efficient. Also very beautiful in her Morticia-like way. She stayed in the background, organizing meetings, keeping track of records, just one more low-level serf. But a low-level serf who accompanied her team to meetings at the Federal Reserve Bank and the Treasury Department and Congressional subcommittees. And in all those places the lanky Widow in her form-fitting black attire (for she had adopted Morticia as her model in more ways than one) caught the roving eye of more than one VIP.

Virtuously and modestly, she ignored them all and developed a reputation as The Woman Hard to Get. Impossible to get was more like it. In a city where social life and bed-hopping were part of the job for ambitious young women, The Widow remained aloof and untouchable.

She became a challenge. And that -- that long, patient road of virtue and untouchability -- finally brought her to the attention of Gabriel "Gunship" Gallini.

Mr. Gallini was smooth. He was glib. He exuded the sex appeal of power. He had been married four times -- each time to a woman it was a challenge to win. He was still married to Wife No. Four on the day The Widow first caught his roving eye. But having won her almost half a decade ago, he was weary of her presence. She had become a mere wife, a household fixture. He was ready again for the challenge of the hunt.

He was also the chairman of the Federal Reserve.

To make this part of the story short, let us say that "Gunship" Gallini pursued The Widow -- until she caught him.

When she went to Washington, she had a list of several possible targets. Although others would have sufficed -- the Secretary of the Treasury, perhaps, certain congressmen, or one of the "czars" of bailouts, handouts, or printing presses -- "Gunship" was the real trophy she sought.

And she was determined to mount his head on her wall. Not only because it was a particularly dashing head, but for all the ruin he and his fellows had wrought in her life.

On the joyous day of their wedding, after the guests had departed and the newlyweds had repaired to his Georgetown manse for a pre-Honeymoon night at home (before departing for a private villa in Bermuda), they toasted each other with champagne.

Into which The Widow had added, shall we say, one of Morticia Addams' favorite garden herbs. In case you don't recall the Addams Family, the ghoulish lady's garden contains deadly nightshade, hensbane, and other delicious specialties.

The one The Widow chose was relatively fast-acting -- but not selected for its gentleness.

Afterward, she cleaned up the mess, propped her naked groom against his 400-thread-count Egyptian

cotton pillowcases, tucked his designer sheets up around his well-shaven chin, and stuffed his throat with \$100 trillion bills. A lot of \$100 trillion bills. They were pretty plentiful, you know.

And then -- this is not for the squeamish -- she took a dainty bite out of his neck and sucked out a tiny, symbolic taste of his blood. Whether she swallowed or spat is not recorded.

Shortly thereafter she lifted his personal stash of gold coins and gold bars from the floor safe whose combination she had obtained from a drunken Wife No. Two and confirmed with a spiteful Wife No. Three. (You don't really imagine that the head of the Fed would trust his own funny-money, do you? Of course, he'd been stashing his personal stash of gold for years.) Even though the portion in the safe was only a small part of his hoard, it made an ample widow's mite.

With all the time in the world -- because who would be so rude as to interrupt an all-powerful man and his bride on their honeymoon? the woman now twice a widow slept in the spare bedroom that night. In the morning, she sorted the gold into several modest packages, consigned each to a different courier service, and had them shipped to Gold Island, where they were warehoused pending her opening of digital gold business accounts.

The lady herself took off for Bermuda that very day, leaving her ripening hubby to be discovered much later by underlings. By the time the Black Widow's deed had been uncovered, she was already on Gold Island and well on her way to establishing herself as one of our most respected citizens.

Thanks to those triple wonders of the modern world, bribery, corruption, and computer hacking, her U.S. passport was last screened in Irkutsk on its way to Mumbai.

We know her name, of course. You probably know it, too, if you watch the news. But we don't use it out of respect for this much-admired lady. Even though Gold Island has no extradition treaties of any sort with the dying U.S.A., we don't want to call attention to her. To us, she is just The Widow, and she is a heroine, even if her actions brought only a token of true justice for the

blood “Gunship” Gallini and his compatriots sucked out of us all. So please burn this story after reading.

But if you’re ever on Gold Island, you might be amused by the inscription over the door of The Black Widow restaurant: Sic gorgiamus allos subiectatos nunc.

Nobody really knows if it’s good Latin. But we appreciate the sentiment in any case. And yes, that is the Addams Family motto: “We gladly feast on those who would subdue us.”

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Peace of Mind – Second to Nothing

# How The Productive Class Has Been Robbed And Why Digital Gold Is The Answer

BY PAUL ROSENBERG

I finished last month's column (For The Next Generation) by saying that digital gold, silver, etc. were crucially important to the future. I also promised to continue on that subject this month. Here we go:

## HOW IT WAS IN 1890

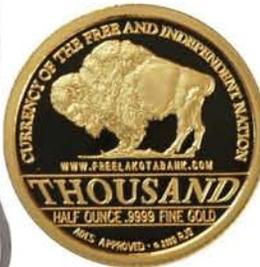
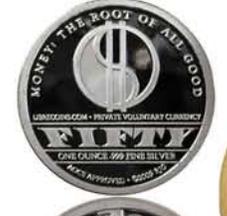
At one time, it was possible for an average productive person to accumulate money. (The 1890s were a prime time for this.) Mechanics, carpenters, shop owners and people like them built-up capital. That is, they filled their bank accounts with real money. It was common for people like bakers and carriage builders to make serious business loans and to retire comfortably, living off of their investments. The difference between the baker of 1890 and the baker of 2009 is not that the baker of 1890 was any better than the modern baker – it's that no one forbade him to keep his own money.

Soon after 1890, the income tax and the debasement of the currency put a stop to wealth accumulation. The advocates of the tax, for example, hated wealth accumulation by rich people and wanted an income tax to kill it. Along the way, however, they ruined wealth accumulation for everyone, not just the rich.

In those days before mass-taxation and fiat currency, young men would go out to make their fortune. "Fortune" didn't mean multiple-billions, it meant enough capital for the rest of your life. Young men would go to where money was being made, work hard, cooperate with similar young men, learn everything they could from the older men, save, invest, learn how to succeed, then return home as a prosperous adult.

Not every young man went out to build a fortune, and some certainly failed, but these activities were not punished at the time – which made them much easier than they are now. Building a fortune was common enough that it was built into the preferred mating strategy of the time. Many women would agree to marriage only after the young man had "made something of himself." This mating strategy was maligned in the years after it was legislated out of existence, but most of the insults pointed toward it were distortions. (The great victims of the change were young men, who were expected to do the near-impossible.)

## HOW IT IS NOW



# The American Open Currency Standard

In the modern world, everyone's fortune is taxed away as it is being formed, and even what is saved is eroded by the continuous creation of currency. Very few of us ever get beyond the "escape velocity" to accumulate money. In other words, we work all our lives, just to stay more or less even. This is monumentally stupid, but it is what everyone else does, so people just follow the parade.

Through the 19th Century, profit (surplus capital) was gathered from productive enterprises and remained in the hands of those who had produced it. These people knew how to use their own capital effectively, and the great expansions of the 19th Century attest to that fact. Once income was taxed, however, the surplus was removed to capital cities and spent erratically by politicians, and then only after it was filtered through a wasteful bureaucracy.

From the time permanent income taxes were instituted (1914 in the US), a new surplus mechanism operated. This mechanism brought very nearly all surplus into central governments, and spent it from there. (The debasement of the currency was a major part of this as well, but that discussion will have to wait for a future article.)

With surplus removed from individuals, all investment capital is forced through institutions. Money was not saved and invested, it was obtained through banks. In this way, finance was centralized, and removed from the hands of individuals.

The local bank may not be an organ of the government, but it is chartered by a central government, overseen by a government, audited and managed by government employees and subject not only to every new law, but to having their right to operate revoked at any time. Central governments, by the mid 20th Century, controlled very nearly all investment capital.

This removal of the surplus capital into central institutions stole the financial independence of the farmer and the mechanic. In the 19th Century, they made loans; in the 20th Century, their children would shuffle into banks and beg for loans. It was the centralization of surplus and the degrading of the currency that did this to the productive man, and not one in a thousand understands it.

## THE SOLUTION

The solution to this problem is simple: Go back to real money and repeal income taxes. We'll pass on the income tax discussion for now, and focus on real money.

Gold, silver and copper are actually fine for daily commerce. An ounce of silver will buy you a few sandwiches and drinks, and a tenth ounce of gold will buy you a fancy dinner. A few of each are not hard to carry around.

For business transactions, however, physical metal will not do. This is especially true for international commerce. And this is where digital gold is perfect. Three clicks of a mouse and your vendor is paid... in real money that does not lose value every year. Digital gold can be exchanged for currency, turned it into bullion, or kept as secure savings.

The transfer of digital gold is far faster, easier and cheaper than wire transfers... ridiculously so. (The fact that wire transfers still exist has to be taken as an insult by the customers of the banking industry.)

Fiat currency is manageable as walking-around money, but retaining it for the long run has to be considered silly or worse. Using it for international commercial transactions is wasteful, slow and obnoxious.

It almost every way, digital gold is equal to, or superior to, fiat currency. Only one thing keeps fiat enthroned: Thuggish force.

We're better – much better. It's time to start acting like it and spreading the news.

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

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Frequency : Per Transaction

Cost to receive money : \$0.25  
Frequency : Per Transaction

Exceptions : If sending party selects to assume costs of the transfer the receiver will not be charged.

Cost for auto withdrawal : \$0.00  
Frequency : Each time a auto withdrawal is initiated.

Cost for manual withdrawal : \$0.00  
Frequency : Each time a manual withdrawal is initiated.

Cost to open Dwolla account : \$0.00  
Frequency : When a new account is created.

Cost to add bank account to Dwolla account : \$0.00  
Frequency : When a new account is added for transferring funds.

Cost to request funds with invoice attached : \$0.00  
Frequency : Each time a request for payment of a invoice or money request is initiated.

*Dwolla Transaction,  
any amount just  
.25 Cents*



# Meet Dwolla

*A Better Way To Do Business*

Dwolla is the second start-up for 26 year old Ben Milne. After he noticed his first successful retail company getting hit each month with excessive credit card processing fees he decided to do something about it. Ben created Dwolla.com

This new online payment system works for both personal and business transactions. The company is currently targeting retail business merchants. Leave your credit cards at home when using Dwolla because plastic is not welcome. Consequently, without credit cards, there are no fraudulent charges, no unusual chargeback's and no 3-5% transaction fees.

Dwollar charges a flat .25 cents per transfer which is less than the cost of today's first class postage stamp.

Quite often the simplest things in life are the best. Here is my short interview with Iowa entrepreneur Ben Milne.

## **Is a Dwolla account designed for use with brick and mortar merchants?**

Initially it is of a web platform. Dwolla's web site is a integration platform for our own network. It makes sense to start with the web due to the ease of integration with online merchants and other users already transferring money online. Integrating long term into brick and mortar applications is a very serious discussion but not something we plan on doing in the next few months.

## **Is Dwolla specifically for online merchants and does it support p2p, b2p payments and more?**

Due to the low cost of transfer is ideal for B2B payments and large P2P / P2B payments. With a max transaction cost of 25 cents not only does it make sense for larger transactions but it's an ideal replacement for business using wire transfer / money order. Take out the cost of those systems and it's still half the cost of a stamp. No more mailing checks. Once you consider the cost savings of not having to print and mail invoices as well and it's a no brainer for B2B transactions.

Given that Dwolla is a web site / web portal applications into e commerce and business doing things online both make sense.

## **Is there such a thing as a Dwolla's Merchant Account or can any account accept commercial and retail sales payments?**

All accounts have access to the same tools. There are personal and business accounts but all accounts (free) have access to the same tools to accept payments. We do not charge a different fee for those accounts at this time.

## **Why Iowa?**

We are a Iowa based company and given the financial center in DSM it makes a great starting platform for us. There are perfect companies from a integration standpoint we have access to here.

Our plans do involve a specific growth plan. In comparison to many online services it's pretty modest. This does help us keep out fraud and reliably scale the system at the same time. Our goals can be attained in one individual state currently.

**I found this statement on your web, “In order to start transferring funds into and out of your Dwolla account you must validate ownership of your checking account.” However, isn’t Dwolla’s like PayPal and I can use a credit card?**

There are no CC’s used in the Dwolla system. To get rid of the fees we had to come up with a new system. The system is designed on cash style transactions. It is not designed for transferring funds from credit / debit cards. Those payment forms carry specific fees with them.

We keep fees low by keeping those systems separate. We know cash transactions have obvious allure for merchants. Think of when a gas station offers you a incentive discount to pay with gas. Now imagine they could do that with a digital payment form. Now they can.

**If I buy something online or even in stores using a credit card, I have to exchange good bit of my personal information (name, address, phone etc) and of course my card number is also exposed to skimming and theft as we all know...when I use Dwolla, what information passes from me to the**

**merchant and am I as exposed as when I use a credit card?**

With Dwolla it’s quite a bit easier. The only information you’d ever exchange is your Dwolla ID. With just your Dwolla ID there isn’t a lot someone can do but send you money or request it. If they request funds your under no obligation to pay and can cancel the request.

With Dwolla there is an additional verification stage the merchant has no access to. Unlike a CC you do not provide them with information that would easily be sent to another party or abused.

We store all that private information away from the transaction so your not exposed to the same issues. We don’t think merchants will mind very much and it’s good for the person paying for the goods / service.

**As a merchant I’d like to know if Dwolla offers an API that will integrate with my accounting software to make my life easier. Do you offer such a service and how much extra is that going to cost me?**

Our API currently is in beta with a few select

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companies. When we feel the time is right to open the platform we will do that at zero cost to developers.

**As a merchant if I am receiving a Dwolla payment from anyone, for any amount, what is my total cost? Now....if I do 28 million transactions per week, what is my cost?**

The cost is a maximum of 25 cents per transactions currently.

**Is today's small .25 cent fee going to develop into one of those start up promotions, where you sign me up and 6 months later I start getting hit with new fees or is this your company philosophy...your mantra (One tiny fee only)?**

No. That's a long term fee and design.

**Is there any time when the sender of the payment can absorb that .25 cent fee if they choose to do so?**

Yes. You can always absorb the costs of the transaction by clicking a check box if you wish to.

**If there is a little money in my Dwolla account, let's say \$500 and I want it transferred to my checking account, what is my cost?**

Zero cost.

**So technically, my business could require all customers to pay this fee and I could be doing transactions for free using Dwolla?**

You can not force your clients to cover your transaction charges. If they wish to pay them for you during the payment they can. Currently there is no way to obligate the buyer to cover the charges of the payment.

**Do you presently offer any mobile integration with your system or do you have any plans to move in that direction? iPhone app?**

Mobile integration is a long term thing for us. It's a obvious integration point but not one we are looking at in the very near future. We have a lot of things to do on our current platform first.

**This is my old chicken n' egg question: Regarding online Dwolla payments, which comes first the customers or the merchants?**

So far the merchants. With the savings it provides to

merchants many have picked it up to push to their clients as another payment option. Many offer a incentive to pay that way if it's a online purchase. We believe many consumers right now may be signing up out of curiosity. When it comes time to pay with the system already having an account removes the hassle.

**As a merchant can I set up reoccurring payments from my customers from my customers? Like monthly fees?**

Currently this is not automated. You would have to bill them monthly.

**What sort of advertising are you doing during your roll out? Print, Banner, TV, door-to-door campaign style (I know that can be very popular in Iowa :-)?**

Your looking at it. We answer e-mails.

**If my business was located in Iowa City and each week I bought a half of truckload of supplies from the Des Moines Feed & Garden Shop over on Hubbell Ave, wouldn't both myself and the seller benefit from using a Dwolla's account instead of a credit card, check or wire? Because of the extremely low costs to operate, wouldn't this Dwolla system be ideal for "business to business" payments?**

Yes. It's perfect for this application.

**Right now, who is your target 'new customer'? Who are marketing your products to...?**

Small business' right now in the DM area with under 20 employees. We have some larger clients and some smaller. Many of those business have a online base which is pretty tech savvy.

**Who do you see as your main competition?**

Paypal.

**When money transfers from my Dwolla's account into my checking account, how long does that take for the cash to be cleared? If I transfer on Monday morning, when might it show available in my checking account?**

Depending on your bank location 24-72 hours.

**I found different webs at Dwolla.org and a**

**Dollar.com , what's the difference?**

.com is our processing platform and payment network.  
.org is our customer service platform and support system.

We do not mix the two for security purposes.

**Are my Dwolla funds safe during processing, are they insured?**

They are always insured.

**As a Dwolla's customer if I need to find info on a transaction that took place 4 months ago or locate an original receipt for a previous transaction, what are my options?**

A real time search tool is included on every account free of charge. Think of it like e-mails search feature for your money. It's very fast and easy. 100% of the transaction history is stored at no cost to the user. Much like an email service.

**What kind of financial or banking licensing was required to get started and has that only been issued for Iowa?**

Dwolla is a licensed money transmitter in the state of Iowa. We will acquire additional licensing before entering other states as we see demand online and through other relationships.

**I have a tiny bit of experience with the U.S. payments industry and I'm aware of a few financial laws and regulations (especially those money transmitting laws), is Dwolla now licensed across all 50 states and can anyone set up an account?**

We are only currently only offering Dwolla accounts in the state of Iowa.

**Am I permitted to have more than one Dwolla's personal account?**

Not at this time.

###

*I would like to thank Ben for taking time to answer my questions.*

*INTERVIEW BY MARK HERPEL*

<http://www.paysbuy.com>



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



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# GOLDANDSILVERNOW.COM ANNOUNCES GLOBAL SHIPPING, STORAGE, COMMISSIONS

FORT WORTH, TEXAS--(Marketwire - Nov. 30, 2009) Gold&SilverNow has announced that it will begin shipping gold, silver, platinum, and palladium to over 180 countries worldwide beginning December 1st, 2009. The move coincides with increased sales capacity, the introduction of platinum and palladium, and a strategic transition into the global bullion market for the online dealer.

The company, which was founded by former Apprentice contestant Tarek Saab, had catered its business to small dealers and individuals looking to trade bullion to online customers with the assistance of an escrow account. The company is now expanding its reach and accommodating financial planners and corporations, as well as individuals, as demands for bullion all over the world have skyrocketed.

“The business has blown away our expectations,” said Saab. “We never thought we’d grow this big, this fast. We’ve been listening to our customers, taking suggestions, and we feel that a more traditional model will better serve our customers’ needs. We believe the introduction of two new metals and worldwide shipping is a huge step in the right direction.”

Gold&SilverNow is also offering bullion storage through a network of partnerships, while continuing its popular custom minting service. Additionally, the company will soon announce two new members to its Board of Directors.

“Whether we see inflation or deflation moving forward, gold as an asset class is expected to fair very well, and our customers recognize this,” said Saab. “We are very excited about lending our services to the financial community so advisers can earn commission on bullion transactions also.”

<http://www.goldandsilvernow.com>



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Continued from page (9)

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