



# Precious Metals Workgroup

[treasurer.utah.gov/gold](https://treasurer.utah.gov/gold)

## Meeting Minutes (Long)

June 26, 2024 | 3:30 p.m. - 5:00 p.m.

### IN-PERSON

Capitol Board Room  
350 N. State Street, Second Floor  
Salt Lake City, UT 84114

### RECORDING

Website: [treasurer.utah.gov/gold](https://treasurer.utah.gov/gold)  
Recording: <https://shorturl.at/E8lZY>

### **Workgroup Members Present:**

- State Treasurer Marlo Oaks
- Representative Ken Ivory
- Representative Keven Stratton (Virtual)
- Gary Crittenden (Virtual)
- Sophia DiCaro, Governor's Office of Planning and Budget (Virtual)
- Kevin Freeman (Virtual)
- Hugh Hannesson

### **1. Welcome and Introductions**

Treasurer Oaks called the meeting to order at 3:30 p.m. Committee members and guests provided quick introductions. Full biographies are available in the meeting materials.

Treasurer Oaks said that since the last meeting, some committee members have participated in field trips, including a tour of Alpine Gold and the Salt Lake City Brinks' Global Services vault.

Representative Ivory expressed enthusiasm about the tangible progress made from the 2011 precious metals legislation and subsequent efforts in Utah, particularly after visiting the Alpine Gold facility and observing its operations.

### **2. Discuss Minutes of the May 29, 2024 Meeting**

Treasurer Oaks highlighted the minutes from the first workgroup meeting. There are longer minutes to capture more detail and abbreviated minutes to summarize the meeting. He encouraged attendees to review the minutes if they have not already done so. Minutes are available online at [treasurer.utah.gov/gold](https://treasurer.utah.gov/gold).

### **3. Understanding the Opportunities and Mitigating the Risks of Holding Physical Precious Metals**

#### ***a. Presentation by Joshua Husvar, Brink's Global Services***

Treasurer Oaks introduced Scott Wood, Richard Watson, and Joshua Husvar from Brink's Global Services.

Mr. Husvar explained that Brink's Global Services started in 1859 and is heavily involved in cash services, including cash vaulting, cash transit, and ATM servicing worldwide. Brink's operates in 52 countries and serves customers in more than 100 countries. Specifically, Brink's provides high-value transportation, logistics, and storage services across 122 countries with a staff of approximately 4,000. Brink's handles high-value items for various industries, including precious metals, diamonds, jewelry, pharmaceuticals, and more, ensuring secure storage and transportation.

In the US, Brink's has multiple facilities for storing precious metals, strategically located to serve market needs. They operate heavily in New York for institutional markets and in Salt Lake City for mining

markets and private retail, including IRA holdings. They also have facilities in Los Angeles, Dallas, and Miami for high-net-worth services and strategic import-export markets.

Mr. Husvar, along with Mr. Watson and Mr. Wood, specialize in the precious metals portion of the business, including gold, silver, platinum, and palladium. This concentration includes managing these commodities from the mine site through refineries and dealing with both institutional and private investors. He turned the time over to Mr. Watson to discuss vaulting.

Mr. Watson explained that he can only disclose limited details about Brink's security infrastructure due to trade secrets developed over the company's 165-year history. Brink's adheres to stringent security standards that have been refined over its extensive history. It has an active security system with monitoring centers and a security operational center that oversees all global facilities. This center, located outside of Utah, manages all access and visitor entries. All Brink's staff are highly trained, and each facility is required to have a minimum number of firearms. The company employs a layered approach to physical security, which is more cost-effective than the underground vaults used by banks a century ago. This approach involves multiple access control layers to reach the vaults, where inventory is securely stored.

Mr. Watson said that Brink's protects its customers' liabilities with a substantial insurance policy through Lloyds of London. While he could not disclose specific details of the policy, he noted that it is at the maximum insurable liability for their Salt Lake City facility.

Mr. Watson explained that Brink's manages and monitors liability implementation daily, providing end-of-day reports on the status of its global facilities. These reports are reviewed by his team and the office in London, which oversees operational processes and inventory management.

At the end of each day, Brink's balances all inventory within its vaults. It has a regular cycle count program requiring physical inventory counts and conducts annual audits both internally and independently. Daily inventory reports are provided to customers, offering visibility into their holdings, which are updated as gold prices change.

All incoming gold undergoes dual verification, ensuring no single person can handle the process from start to finish. This strict segregation of duties involves separate teams for systematic and physical handling. Brink's records and verifies all serial numbers, brands, fineness, and weights of precious metals, capturing this information in their inventory management system for complete visibility.

Additionally, Brink's has invested in gold verifiers to authenticate incoming metals, verifying not just the brand, bar number, fineness, and weight, but also confirming the authenticity of the gold.

Treasurer Oaks invited questions.

Brian Sommers, representing the Utah Mining Association, asked what kind of processes Brink's uses to verify precious metals.

Mr. Watson said Brink's primarily utilizes a quick test. He explained that while the quick test for verification isn't foolproof, it is generally sufficient for the types of commodities they handle.

Mr. Husvar added that the extensive testing process is not always necessary because many of the products they receive come directly from known refineries or national mints. These products are transported securely by Brink's trucks and often arrive in sealed boxes with official seals. Consequently, a significant portion of their inventory already comes with verified authenticity, either through refinery certification or national mint seals.

Mr. Hanneson asked if they provide any storage services specifically for states in the United States.

Mr. Watson said that they deal with a large number of government entities on behalf of other customers.

Mr. Hanneson asked if Brink's provides services for liquidating privately-stored precious metals or if clients need to work with their own liquidity provider and coordinate with Brink's and asked them to describe the process for clients to retrieve their gold.

Mr. Husvar said Brink's does not provide liquidity directly due to the diverse range of customers it serves. Instead, many of their customers are liquidity providers, and clients typically work with these providers to obtain liquidity. Brink's facilitates the internal transfer when they receive orders to execute the transaction, which is then completed through one of the parties that has made arrangements with the client.

Mr. Hanneson asked if anyone has ever attempted robbery of precious metals.

Mr. Watson said that specifically with precious metals storage at Brink's, there have been zero attempts.

Representative Ivory referred to the Perth Mint scandal from a few years ago, highlighting the issue of inconsistent metal content. He inquired how such an incident could occur in relation to Brink's operations. He asked whether Brink's limits the types of assets it receives to certain sources and how it prevents similar issues.

Mr. Watson indicated the issue mentioned was specific to the Chinese market. He clarified that Brinks focuses on the storage, transportation, and security of precious metals rather than verifying the contents of the bars. They rely on the customer's declaration when receiving goods and ensure that the same declared goods are delivered back to the customer. Brinks does not act as gold experts in terms of assessing the metal's composition.

Representative Ivory inquired about chain of custody.

Mr. Watson explained that Brink's chain of custody relies on seal numbers for sealed packages. For example, if a container holds 22 gold bars and has seal number 123, Brink's will deliver the same container with the same seal number, ensuring consistency. On the storage side, where they handle individual bars, the chain of custody is maintained through bar numbers and brands, recording these details to ensure accurate tracking and accountability. Mr. Watson noted that at the end of five or seven years, customers will receive the same bar back with the same bar number, ensuring continuity. This process is maintained regardless of price fluctuations.

Representative Ivory inquired about the procedure for liquidating or accessing stored precious metals during a crisis, such as an electricity outage or other emergency situations. He questioned how Brinks handles such scenarios, especially considering that these investments are often intended for use in times of crisis.

Mr. Watson explained that Brinks has business continuity plans in place across all its facilities, including on-site generators to ensure continued operations. He acknowledged that while Brink's can continue to operate during an outage, moving the large quantities of metal stored in their facilities may take longer under such circumstances.

Ms. DiCaro inquired about the pricing structure for Brink's services, asking whether the charges are based on a flat rate, volume, or another method. She sought clarification on how Brink's determines the cost for its services.

Mr. Husvar explained that Brink's charges are determined by several factors. The primary basis is the liability of the stored assets, as Brink's insures these assets. The fee is calculated as a percentage of the product's value being stored. Additionally, various fees may apply depending on the customer type and the nature of the transactions. For instance, smaller customers or those involved in pick-and-pack operations

may incur specific transaction fees. However, the primary storage fee is assessed based on the asset valuation.

Joseph Cavatoni, representing the World Gold Council, referred to the Perth Mint example, highlighting its unique position as a mint, refiner, and state-supported entity, and mentioned the complexities surrounding the China quality issue and other challenges faced by the Perth Mint. For the benefit of the group, Mr. Cavatoni requested that Brink's representatives discuss clients' ability to inspect their gold. He explained that in managing funds, regular inspections, including partial and full counts of gold, are conducted. He asked for details on the processes for access, inspection, verification, and validation of the gold as part of an audit.

Mr. Watson stated that Brink's welcomes third-party audits from customers, provided the entity to which they are contractually responsible authorizes the audit and visit, with all necessary IDs submitted beforehand. He mentioned that most of the third-party audit firms are well known to Brink's, as banks, financial institutions, and large customers frequently conduct similar audits. Brink's requires their presence during these audits to oversee the process. He added that his background is in the precious metals industry, with more than 20 years of experience, primarily in testing, inspection, and certification companies. His previous work involved testing precious metals, inspecting refineries, and auditing, including performing third-party audits at Brink's facilities. He emphasized that there are robust procedures in place from both the independent side and Brink's side. These procedures ensure customers can review their materials, verify inventory lists, and confirm that items are properly stored, allocated, and easily identifiable by serial number if applicable.

Mr. Cavatoni explained for the group's benefit that when they refer to allocated gold, they mean gold that is segregated and held on behalf of a client in separate, untouchable accounts.

Ms. DiCaro inquired if Brink's has competitors in their field, asking whether other groups offer similar storage services or if Brink's primarily owns the market share for storage.

Mr. Husvar acknowledged that, like any industry, there are competitors in the market. Each competitor is positioned differently based on the markets they aim to address. Consequently, there are other competitors both nationally and globally.

After some back and forth among workgroup members, including mention of Brink's competitor, Loomis, it was established that Brink's holds the market share for precious metals storage.

Representative Ivory noted that the legislature authorized Treasurer Oaks to invest a portion of the rainy day funds in precious metals. He inquired about the mechanics of investing in precious metals for the rainy day funds. He asked for a step-by-step explanation of the process, starting with the decision to acquire the metals. He wanted to know if they would work through a refinery or vendor, and then connect them with Brinks for transportation and storage. He requested a detailed walkthrough of how this process works.

Mr. Watson explained that Brink's can accommodate various sourcing methods for precious metals. They can provide transportation from any location worldwide to their facility. Additionally, Brink's can introduce clients to a variety of refineries and bullion banks for procurement.

Representative Ivory inquired about whether Brink's can determine if precious metals are already available within their network or if this is not a relevant factor in the process.

Mr. Watson explained that if a customer procures gold from a supplier that already has a substantial holding with Brinks, it could be practical to service that inventory within Utah.

Mr. Husvar added that it is unlikely the inventory would be located in one location. The supplier might need to inform Brink's about the various locations from which the gold would be transferred. For example,

kilo bars are often stored in New York for the COMEX market, while other storage locations may focus more on bullion coins and smaller bars. He explained that there would likely be a period for accumulating and transporting the gold to fulfill the order.

Representative Ivory inquired further about liquidity, noting that there wouldn't necessarily be a need to load bars in a red wagon to cart them off somewhere. He mentioned that with entries and inventory at various locations globally, liquidation wouldn't require moving that specific amount of gold. Instead, they could credit wherever the buyer is located.

Mr. Husvar confirmed that as long as the liquidity partner has accounts with Brink's, they would transfer the gold into their account based on the orders received, emphasizing that it is a large global market.

Mr. Hanneson added that it's important to understand that Brink's isn't acting as a liquidity provider or broker, handling buyer-seller transactions directly.

Mr. Watson mentioned that Brink's has extensive experience with central bank movements, including handling a significant transfer for a European central bank, where they transported 100 tons of gold. He emphasized that Brink's is well-equipped to manage large volumes.

#### **4. Precious Metals Currency Platforms - Overview, Value Proposition, and State Involvement**

##### ***a. Presentation by Jason Cozens, Glint Pay***

Treasurer Oaks introduced Jason Cozens, representing Glint Pay, who flew in from London to attend the meeting.

Mr. Cozens described Glint as the fastest-growing fintech company in the UK and the fifth fastest-growing tech company overall. Glint also operates a US company, Glint Pay Inc., which serves its largest market in the US. The company is backed by prominent investors such as Sprott, one of North America's largest asset managers focused on gold, and Sibanye-Stillwater, a major gold producer listed on the New York Stock Exchange.

He explained that there are various ways to buy gold, including online exchanges and Stablecoins, with differing rates and types of gold available. Unallocated gold, which custodians can lend out, contrasts with allocated gold, which cannot be lent out and carries no risk of being put at risk by the custodian. The cost of buying gold typically ranges from 0.1% to 1%. Additionally, gold options and futures are popular in the investment markets, often referred to as the paper gold market.

Mr. Cozens highlighted that ETFs, an innovation from a couple of decades ago, were pioneered by the World Gold Council. These mutual funds allow investors to buy shares backed by gold. He noted that physical gold bars and coins, as well as Goldbacks, are other beautiful ways of owning gold, with costs varying significantly from 5% to as much as 300%. These can be stored privately or in safety deposit boxes.

Mr. Cozens introduced Glint as a platform that facilitates the online buying and selling of gold at efficient prices through the Glint app. Glint is the first platform in the world that enables gold to be used for electronic payments in real time at the point of sale, without the need to pre-sell the gold. Unlike other companies that require pre-selling gold before using a card, Glint allows real-time spending of gold anywhere Mastercard is accepted.

Mr. Cozens mentioned that online gold bullion exchanges like BullionVault were among the first to be established, with the World Gold Council as an investor. These platforms allow for the purchase of allocated gold, including fractional ownership of solid gold bars. He also touched on gold-based Stablecoins, which provide exposure to gold and can be either allocated or unallocated. Additionally, he

referenced government gold-based Stablecoins, such as the Royal Mint's DigiGold and the Royal Canadian Mint's VaultChain, resold by companies like Kinesis and Sprott.

Mr. Cozens demonstrated the Glint app, using the UK version, noting its slight differences from the US version. He explained that Glint operates a multi-currency platform. Though Glint could technically make any item a currency, it focuses on gold. Users can fund their accounts via ACH transfer, debit or credit card payment, or wire transfer.

Mr. Cozens demonstrated buying gold through the app, emphasizing Glint's belief in equal opportunity and the need for an alternative to an unfair monetary system. He showed how users could purchase as little as one cent's worth of gold, or larger amounts if desired. The purchased gold is stored in a Brink's vault and insured by Lloyd's of London.

Mr. Cozens introduced the Glint Mastercard, which can be linked to any wallet within the app and used anywhere Mastercard is accepted. This card allows users to spend in various currencies, including gold. He highlighted the flexibility and choice offered to users, acknowledging the inherent risks in gold investments.

Mr. Cozens mentioned that the gold is currently stored in a Brink's vault in Switzerland, but plans are underway to offer storage options in Brink's Utah vault for more flexibility. Glint is both vault and card agnostic, potentially integrating with Visa in the future.

Mr. Cozens illustrated the app's transaction features, showing his recent purchases paid in gold, including Uber rides, data downloads, and gelato from Dolcetti in Salt Lake City. He emphasized that merchants receive the equivalent dollar amount, unaware of the gold transaction unless informed by the user.

Mr. Cozens also demonstrated the peer-to-peer payment feature, sending a small amount of gold to an individual with a personalized message. The gold transfer was completed instantly after a quick identity verification.

Mr. Cozens highlighted several important aspects of Glint's operations. He noted that in the US, gold is subject to federal capital gains tax. To assist users with this, Glint allows the download of statements and spreadsheets for tax calculations. Additionally, Glint has partnered with KPMG, a leading consultancy, to help users calculate their capital gains tax. Users can send anonymous data to KPMG, which then generates and returns the tax report.

Mr. Cozens noted that Glint operates independently of the traditional financial system by allowing users to buy gold, which functions as an independent currency. Glint is integrated with Mastercard and regulated by the UK's Financial Conduct Authority and works under a regulatory framework in the USA with partner banks.

Mr. Cozens emphasized that Glint offers both physical and digital gold ownership, with the ability to take personal custody or have it securely vaulted. The Glint Mastercard allows users to spend gold electronically worldwide. Physical custody of gold provides total privacy and security, while vaulted gold offers ease of use and low transaction fees, with instant conversion to fiat currency when spending.

Glnt's gold is stored in Brink's vaults and insured by Lloyd's of London. Users can request physical delivery of their gold. He mentioned ongoing discussions with Goldbacks to facilitate redemption in Goldbacks, offering more options for users.

Mr. Cozens outlined Glint's seamless payment process, where a swipe of the Glint card initiates a transaction that is quickly authorized based on the user's gold balance and current gold price. This system integrates with Mastercard and ensures transactions are processed within 200 milliseconds.

Mr. Cozens suggested that establishing a state-level gold-based financial system would provide Utah with secure and autonomous financial infrastructure. He recommended locating support, operations, and compliance teams within Utah, and using local servers for software and ledger management. He also advocated for building a local gold-based circular economy.

Mr. Cozens highlighted Glint's secure and scalable platform, noting its low fees and the ability to make gold payments worldwide. Users can fund their accounts through various methods, with minimal costs for transactions and withdrawals.

Mr. Cozens emphasized the importance of state involvement to protect citizens' rights to use gold and silver as money, ensuring legal and practical use. State authorization would provide legal assurance and potentially eliminate state taxes on gold transactions. He also suggested advocating for federal tax changes to recognize gold as legal tender.

Mr. Cozens highlighted Glint's significant transaction volume, with over half a billion dollars in transactions and \$70 million worth of gold on the platform. He underscored the opportunity for Utah to lead in creating a gold-based financial ecosystem that integrates with various sectors, offering protection against inflation and systemic risks.

Mr. Cozens noted that \$165 billion worth of gold is traded daily, much of it on COMEX and through gold ETFs across the US. He expressed his expectation that a significant portion of this trade could flow into the system in Utah, potentially generating substantial business for the state. He commended the initiative, expressing his hope for its continued success.

***b. Presentation by Mark Hilton, Alpine Gold Exchange***

Mark Hilton, President of Alpine Gold Exchange, spoke about the organization's role and its primary client, the United Precious Metals Association (UPMA). He expressed satisfaction with the alignment between the committee's objectives and UPMA's bylaws, which focus on promoting standards around precious metals and supporting stakeholders. Mr. Mark Hilton emphasized Alpine Gold Exchange's commitment to specie legal tender, grounded in the US Constitution's stipulation that only gold and silver can be recognized as legal tender for debt payment.

Mr. Mark Hilton highlighted the practical and legal advantages of using specie legal tender, such as avoiding capital gains taxes, which apply to barter transactions when converting gold back to paper currency. He stressed the importance of redeemability and privacy in physical currency. He mentioned that Alpine Gold Exchange encourages customers to acquire and spend precious metals directly, while also offering solutions for necessary conversions.

Mr. Mark Hilton detailed the creation of the Goldback, a form of specie legal tender developed in partnership with Dr. Adam Trexler and his team. The Goldback features unique security measures, including serialized and patented vacuum deposition technology, making it difficult to counterfeit. He noted the successful market response, with over \$100 million worth of Goldbacks distributed since 2019.

Addressing friction points in using gold and silver as money, Mr. Mark Hilton mentioned various solutions Alpine Gold Exchange offers, such as a gold equity line of credit (GoldiLockS) to avoid immediate capital gains taxes by borrowing against gold value instead of liquidating it. He described their vaulting and security measures, including partnerships with Brink's and other vault providers, fully insured by Lloyd's of London.

Mr. Mark Hilton also explained the trust-based account types Alpine Gold Exchange offers, ensuring confidentiality and legal security for customers. He outlined their tax calculation approach, using a trust structure to simplify the process and ensure compliance with federal statutes.

Mr. Mark Hilton emphasized the importance of Utah focusing on specie legal tender and trust structures to maintain financial independence and minimize federal oversight. He recommended fostering the creation of both bank and non-bank trust companies, diversifying holdings, ensuring due process and confidentiality, and encouraging banks and credit unions to underwrite gold equity lines of credit.

***c. Q&A with Workgroup Members***

Treasurer Oaks invited questions regarding any of the information covered.

Mr. Cavatoni directed a question to Mr. Mark Hilton regarding his presentation on valuing gold. Mr. Cavatoni asked for clarification on the point that the market price of gold isn't the only or proper way to assess the value of their instrument. He explained that this is an area of significant interest, noting the absence of a standard gold unit in the industry. He pointed out that many people rely on the gold price displayed on Bloomberg or other financial news sources, which can create confusion and challenge their ability to trust and buy gold.

Mr. Mark Hilton explained that Alpine Gold Exchange uses a specific method for pricing their products. They have three primary products: gold, referred to as the "gold dollar" because one-ounce Gold Eagles or Gold Buffalos are denominated as \$50, and silver. The market price for these is based on the daily London Bullion Market Association (LBMA) rates. Additionally, they consider the wholesale prices they receive from their suppliers, who add their own premiums. He detailed that Alpine Gold Exchange sets a daily fix for their transactions, buying and selling all orders at 10 a.m. For Goldbacks, the pricing formula is pegged to the gold spot price with a fixed premium, ensuring that the premium's value remains stable over time. This method provides clarity and stability for derivative products like Goldbacks, while the gold and silver prices are directly influenced by the LBMA market rates.

Mr. Larry Hilton explained that when considering gold, it is important to think about its form and location. For instance, gold can be specified as being in the form of London Good Delivery bars, jewelry, or coins, each carrying different premiums based on these factors and the purity of the gold. To establish a currency in the US, he pointed out that there is already a gold dollar, a concept present throughout most of the country's history, except for a 20-year gap. He also highlighted the benefits for Utah, noting that having gold stored locally increases its value to the state. In the event of a systemic collapse or failure, having gold in Utah would ensure its availability for the state.

Representative Ivory emphasized the study's focus on augmenting, stabilizing, and ensuring the economic security and prosperity of the state, its families, residents, and businesses. He acknowledged that each participant has a separate private business case, which is commendable. However, he stressed that the focus is on understanding the state's use case, especially in rainy-day scenarios and other contingencies. He asked how the information shared could be translated into a practical use case for the state. Representative Ivory suggested that Mr. Cozens begin the discussion, noting that while the business case is important and they are excited about thriving businesses, the primary interest lies in understanding the state's use case.

Mr. Cozens referred back to a previous slide to emphasize the importance of state involvement. He highlighted three key points. First, protecting citizens' rights to use gold and silver is crucial. Historical instances, such as federal confiscation of gold during systemic financial issues, underline the need for state authorization to prevent similar actions in the future. A small company like Glint cannot defend these rights, but the state can.

Second, Mr. Cozens stated the impediment posed by capital gains tax on gold, when it is not considered specie legal tender, creates friction in using gold as money. The state has the power to ensure there is no capital gains tax from its perspective. If the state authorizes gold as currency, it should protect citizens from federal capital gains tax, aligning with their constitutional rights to use gold as money.



Third, Mr. Cozens said the state can provide confidence and clarity to its citizens. Currently, Glint operates within existing local, state, and federal frameworks. However, existing regulations around payments do not include gold. The state should address these gaps by considering audits of gold in customer accounts and backing legislation with action, such as accepting gold and silver for tax payments.

Mr. Cozens suggested that the state should create a gold and silver account within the Treasury Department, allowing payments to be made in precious metals. This integration would offer citizens another way to pay, making it as easy as using debit or credit cards. These considerations are essential for the state to effectively support the use of gold and silver as currency.

Mr. Larry Hilton expressed his agreement with Mr. Cozens' summary, emphasizing two critical points. First, he noted that Utah already recognized gold and silver as legal tender in 2011, establishing a legal framework for precious metals in the state.

Mr. Larry Hilton highlighted an opportunity for the state similar to NASA's collaboration with commercial companies like SpaceX and Blue Origin. He suggested that the state could encourage the creation of trust companies to support a complementary currency system, working alongside existing federally regulated financial institutions. This model could serve as a template for other states, ensuring that these trust companies are state-regulated and that depositors retain ownership of their deposits. He proposed that the state treasurer recommend legislation to foster this infrastructure. Mr. Larry Hilton said he envisioned the state taking a portion of its rainy day fund and investing it into these trust companies to kickstart the gold economy. This would involve encouraging banks and credit unions to offer gold lines of credit, allowing people to transact in both gold and paper currencies seamlessly.

Regarding taxes, Mr. Larry Hilton recommended using the qualified business unit (QBU) system for converting gold to paper, which simplifies tax calculations. This system would involve taking the average rate over the tax period and applying it to the gain or loss, resulting in a straightforward figure for the tax return. This approach avoids the complexities of first-in, first-out accounting and provides clarity for IRS audits, ensuring that gold transactions are treated fairly and efficiently under existing tax laws.

Ms. DiCaro emphasized the need to differentiate between two distinct objectives in the state's approach to gold investment. First, as a state, the focus should be on incorporating gold into the investment portfolio. Second, there is the market aspect of using gold for transactions, such as paying taxes. She noted that these two goals require different frameworks.

Reflecting on Representative Ivory's question, Ms. DiCaro pointed out that the recent legislation seemed more focused on the first objective—integrating gold into the state's investment portfolio. She stressed the importance of developing separate frameworks for both investment and transactional uses of gold. Ms. DiCaro concluded by advocating for a dual approach that addresses these distinct needs, ensuring clarity and effectiveness in both areas.

Treasurer Oaks agreed with Ms. DiCaro's remarks and elaborated further. He stated that the legislature addressed the first objective of incorporating gold into the state's investment portfolio last session, minus a minor legislative fix that should be addressed during the interim. Treasurer Oaks noted that his office has already consulted with providers like Brink's and found this aspect to be relatively straightforward, as it aligns with practices of central banks worldwide.

Treasurer Oaks said the more challenging task is facilitating the use of gold in everyday transactions within Utah's economy.

Representative Ivory asked if there are other precious metals payment systems in the market.

Mr. Cozens emphasized that Glint is currently the only platform in the US allowing gold to be used as money in real-time electronic payments. While other systems exist for buying and selling gold and for debit cards funded by gold sales, they do not facilitate spending gold directly. He explained his motivation for establishing Glint, which stemmed from the same frustrations many people experience with the devaluation of currency. Cozen criticized the current financial system, highlighting how the value of hard-earned money is eroded, creating an unfair advantage for those closest to the money supply, particularly the government and financial elites.

Mr. Cozens explained that since the US departed from the gold standard in 1971, the currency has relied on the petro-dollar standard, which is now ending. He pointed out the increasing difficulty the US government faces in borrowing money, with rising pressures on treasury bonds and significant interest payments on national debt. He predicted that the central bank would resort to quantitative easing—printing more money—to address these issues, leading to further inflation.

Mr. Cozens shared his personal experience of trying to save money only to find it continually devalued, contrasting this with previous generations' ability to afford homes on a single wage. He argued that the current system disproportionately benefits the government and the wealthiest individuals who can borrow large sums of money, exacerbating income inequality. This, he said, is neither fair nor sustainable.

Representative Ivory emphasized the importance of contingency planning for the state, highlighting a key use case for considering gold as part of the state's financial strategy. He recalled standing in the same room in 2015 with then-Senator Henderson, the president of the American Institute of CPAs, Greg Anton, and others, discussing the potential diminishment of federal funds. Anton had warned that an economic crisis was more certain and of greater magnitude than a physical earthquake, underscoring the need for preparation.

Representative Ivory pointed out the ongoing global shift away from the dollar, with new economic systems emerging and central banks buying gold at record rates. He stressed the necessity of ensuring continuity of government operations, including paying police, firefighters, teachers, and healthcare workers, even as other nations move away from the dollar.

Representative Ivory acknowledged the importance of the investment side but emphasized that the state's primary concern should be maintaining operational continuity regardless of what happens to the dollar and the broader investment world. He concluded by noting that contingency planning has been a focus for more than a decade, reinforcing its critical importance.

Mr. Crittenden began by acknowledging that he is not an expert on gold. He noted that the initial question posed was whether Utah should invest in gold to counteract inflation and potential decline in the dollar. He pointed out that precious metals are just one of many alternatives. He suggested that the core issue might be framed incorrectly. Instead of focusing solely on gold, the state should consider a variety of investment options. Historically, common equities have grown at about 8% per year, which could have allowed for substantial wealth accumulation over time, compared to simply holding onto currency.

Mr. Crittenden noted that there are circumstances where gold could be beneficial and supported the idea of bolstering Utah's precious metals industry. However, he emphasized that a neutral perspective on the state's investment strategy might reveal that gold is not necessarily the best or only answer. For instance, had Social Security funds been invested in equities or gold, the results could have been better than their current state. Ultimately, he suggested that the state needs to explore the best alternatives for investing its reserves to ensure long-term protection and economic stability for its citizens.

Treasurer Oaks responded to Mr. Crittenden's question. He explained that while the state has various long-term investment portfolios that include equities, their current focus is on the short-term portfolios, particularly the rainy day funds. These funds may be needed on short notice, especially during economic

downturns. Therefore, diversifying these funds with precious metals, like gold, is being considered due to their potential stability and liquidity in such scenarios.

Treasurer Oaks offered to provide a detailed analysis he prepared for the legislative session, which explains why gold is considered a suitable investment for rainy day funds rather than for long-term portfolios. He acknowledged that the conversation has become quite specific to these short-term portfolios and the state's purchasing power during difficult economic situations, emphasizing the importance of maintaining value amidst currency devaluation. He invited anyone interested in a deeper discussion to reach out for more information.

Mr. Cozens said he does not view gold as an investment but rather as money, similar to how the dollar functions. However, unlike the dollar, which is a liability of the government, gold is no one else's liability. When dollars are stored in a vault, they don't yield interest. To earn a yield, dollars must be put at risk, such as being deposited in a bank where they are lent out or invested in the stock market.

Mr. Cozens highlighted that gold, when viewed as money, can also generate a yield. He noted that many companies offer yields on gold, although this is not commonly discussed. He pointed out that during crises, such as when Russia invaded Ukraine, stock markets and cryptocurrencies plummeted while gold's value increased, emphasizing its status as a risk-free asset. Mr. Cozens concluded that in times of need, gold often retains its value better than other assets.

Mr. Larry Hilton emphasized that the discussion is about non-depreciating money. Unlike Federal Reserve notes, which are designed to lose value over time as part of the Federal Reserve's mandate, non-depreciating currency like gold retains its value. He highlighted that this type of currency could be stored for decades, such as under a mattress, and still retain the same purchasing power, allowing someone to buy the same basket of goods even after 10 or 20 years.

Mr. Mark Hilton acknowledged the existence of alternative approaches to non-depreciating currency, such as crypto-based Stablecoins. However, he noted that the complexity and volatility of the crypto space can be off-putting for many people, especially those in the latter half of their lives who prefer something they can trust and understand. He mentioned Kinesis as an example of a platform that offers tokens backed by gold, redeemable for Goldbacks and gold and silver coins. Hilton emphasized the importance of providing various options to suit different preferences, whether that involves using a credit card or setting up a trust.

Treasurer Oaks emphasized the importance of maintaining a store of value for the state's rainy day funds, which are currently held in money market funds to minimize risk and ensure short-term liquidity. These funds need to be readily accessible at a moment's notice. He suggested that holding gold could serve as an alternative to money market funds, offering a different form of cash instrument that maintains its value over time.

Mr. Mark Hilton explained that their approach aligns with modern portfolio theory, which combines risk-free assets with riskier ones based on an individual's tolerance. By substituting traditional risk-free assets like treasury instruments and cash with gold, they offer a solution that maintains its value. This approach provides a stable foundation upon which riskier investments can be added, presenting a different perspective on modern portfolio theory taught in business school.

Mr. Cavatoni expressed disappointment that the content he circulated wasn't received by everyone, as it could have supported Ms. DiCaro's and Mr. Crittenden's points. He emphasized the benefits of adding gold to a diversified portfolio, noting its returns, diversification benefits, and liquidity. Gold performs well when risk assets rise and provides a safe haven when they decline. Over 35, 10, and 20-year periods, gold's average returns match or exceed equities.

Mr. Cavatoni clarified that gold should complement a portfolio, improving risk-adjusted returns and managing drawdown periods. He noted that bonds and equities often correlate similarly, and gold can offer better protection than bonds in certain market conditions. Mr. Cavatoni commended Mr. Cozen's focused work on creating a use case for gold-backed tokens, contrasting it with other organizations' unfocused approaches.

Mr. Cavatoni stressed the need to understand the unique use case for making Utah safer by incorporating a gold system. He urged consideration of the state's role in supporting this system, suggesting it could benefit long-term portfolio needs and provide a locally used monetary system. He advised separating the concept of gold from the speculative and risky crypto space, highlighting gold's long-standing value as a 5,000-year-old asset.

Treasurer Oaks highlighted the importance of distinguishing between two different issues related to gold: the investment case and the monetary transactional case. He noted that while it's easy to conflate the two, they need to be considered separately. For the current discussion, the focus is more on gold as a store of value rather than purely as an investment.

Mr. Freeman Mr. Freeman shared his extensive experience, including working for John Templeton for a decade and holding a Chartered Financial Analyst designation. He emphasized understanding portfolio diversification and acknowledged the value gold adds in this context, particularly for a rainy day fund. He agreed with Treasurer Oaks, stating that gold provides diversification benefits as a stable currency, rather than as an investment. He distinguished between gold mines, which are investments, and gold itself, which he views as money. He highlighted that while gold may not offer as much value as stocks in long-term funds, it is an excellent form of money for short-term needs.

## **5. Other Items/Adjournment**

Treasurer Oaks concluded the meeting by thanking everyone for their participation and acknowledging that the discussion had exceeded the allotted time. He informed the attendees that they would receive information, including the minutes from the meeting and the presentations. He encouraged everyone to review the documents that had been sent out, which included questions categorized by meeting topics, and invited them to add any additional questions or topics they felt needed to be addressed. He expressed appreciation for all the input provided and said he looked forward to seeing everyone at the next meeting in August.