

The Gold Storage Solution: **SWITZERLAND**




**The Gold Storage Solution:
SWITZERLAND**

At Casey Research, our task is to accurately forecast trends, do it early, and help investors profit from what we've found. Without claiming infallibility, we've gotten it right more often than not, and by distinctly profitable margins.

But research to anticipate what to expect is the easy part. It's the when-to-expect-it-to-happen that's tricky, and waiting for a predicted trend change or crisis sometimes can test our confidence. The crisis we warned about years ago is now here, and its arrival has altered many of the rules for investing.

If you're reading this report, you probably followed our earlier advice and have accumulated a nice-size crisis insurance policy in the form of physical gold. Now you need to decide what to do with that stash of Midas cash. It may have been born in a corner of your sock drawer, but perhaps now it's stress-testing an attic rafter. Unlike gold ETFs and mining shares resting digitally in your brokerage account, physical gold brings with it questions of space and place: how and where to store it.

As to the how, the most common methods for storing physical gold will be obvious to most investors: concealment, a home safe, or a bank safe deposit box. This is a topic we covered in depth in the September '08 issue of *BIG GOLD*, where we recommended using a home safe because 1) it keeps the gold under your immediate control, and 2) it eliminates any risk that storage at a bank carries: emergencies don't schedule themselves bankers' hours; if a "bank holiday" occurs, access to a safe deposit box will be lost when it's needed most; and a court can order the seizure of its contents, or the IRS can freeze your assets.

So that's it? A one-size-fits-all storage solution?

No, not quite.

As your gold holdings grow, or if you already own sizable weight or are considering a large purchase, keeping all your golden eggs in one steel-and-combination-lock basket may not be the right solution. As we encourage above, having some gold in your immediate control assures that you can see yourself and your family through any calamity. Now ask yourself: can I keep a secret and not discuss it with anyone? Loose lips can only lead to a late-night, ski-mask-clad, armed visi-

tion. How about the "security" company that installed the safe – how tight are their lips?

Further, keeping large amounts of gold in your possession exposes you to a latent threat: political risk. Or in 'round the water cooler jargon, a "government gold grab."

Think it won't happen in the good ol' U.S. of A.? Consider the surge of government pushiness over just the past six months. The U.S. government has usurped the free market by subsidizing entire industries and embarking on mega-dollar "stimulus" spending schemes, committing trillions to its efforts – money it doesn't have and must borrow or print. With tax receipts falling off and government debt exploding, the government's hunt for revenue could lead to increasingly desperate measures.

We've seen the 1933 black-and-white version of this script, in which the plot develops into a presidential diktat forcing delivery (confiscation) of gold owned by private citizens to the government in exchange for compensation at the price it finds most convenient. Will the temptation again prove too great? We don't know. What we do know is that once the credits roll, it's too late to start preparing.

So the final storage question must be confronted: where should your gold be stored?

Sending Out an SOS: Swiss Offshore Storage

One fundamental rule of investing that hasn't changed is diversification, and the principle applies to the locations you choose for storing gold bullion. Follow the principle where it leads, and you find yourself thinking about "internationalizing" your gold by holding some of it in another country. But it should be the right country.

So exactly where is *where*?

The answer is the safest country with the most secure facilities: Switzerland. Yes, still Switzerland.

For our money, er, gold, we can't think of a country with a stronger legacy of respect for private property. The country traces its formation back to 1291, and the first Swiss Confederation was formed in 1353. Complete independence came in 1648, when the Treaty of Westphalia recognized the final

separation of Switzerland from the Habsburg Empire. Over the 361 years following the treaty, Switzerland has maintained its neutrality and shunned foreign military entanglements. Now that's shock and awe.

The country's domestic politics are characterized by stable, non-intrusive coalition governments. Such habitual civility, together with Switzerland's long tradition of respect for individual privacy, has kept this small, largely alpine country atop the list of the world's most trusted safe havens.

The Franc: Swiss Hit or Swiss Miss

The global financial and economic crisis has recently found its way into Eastern Europe, and the troubles brewing there center on the Swiss franc. The apparently dire situation led economist Arthur P. Schmidt to predict that Eastern Europe's difficulties would pour over disastrously into Switzerland. His predictions grabbed the headlines and a bit of attention.

So, in keeping with the Casey, "Intensely Curious, Focused on Facts," we dug behind the headlines. Here's the big nothing we found.

Engaging in a carry-trade-like gamble, individuals and businesses in Poland, Ukraine, Croatia, Hungary, Latvia, and Belarus borrowed heavily in Swiss francs, attracted by low interest rates. They crossed their fingers for trouble-free repayment as, for a while, their currencies strengthened against the franc. But that strength didn't last. The global economic slowdown hit Eastern Europe hard, and their currencies fell sharply against the Swiss franc, turning mortgages and other franc-denominated debts into horrible burdens. Said fingers are now doing a lot of pointing at who's to blame. The size of the problem, according to Schmidt, is 230 billion Swiss francs (US\$200 billion), and the difficulty of collecting on the loans supposedly threatens Swiss banks with huge losses that could bankrupt the country. Schmidt refers to Iceland's recent national bankruptcy as a model.

We don't blame him for trying, but the report incorrectly assumes that all the Swiss franc loans to Eastern Europe originated at Swiss banks. They didn't. In fact, it's Austria's banks that have the greatest exposure to Eastern Europe. The day after the headlines, Credit Suisse released a report citing the latest figures from the Swiss National Bank that show Swiss bank loans to Eastern Europe totaled just SF33 billion

(US\$28.7B), or 6% of Switzerland's GDP. In contrast, Iceland's banks had lent over 1,000% of GDP.

Our conclusion: we see no evidence of an impending banking crisis or national bankruptcy in Switzerland. Heidi is safe.

The Gang of 20

At their recently concluded London Summit, the G20 made good on pre-meeting threats to blacklist countries that refuse to adopt the Organization for Economic Co-operation and Development (OECD) Model Tax Convention On Income and Capital, Article 26, Exchange of Information. To avoid the crippling blow blacklisting would deliver to its banking industry, Switzerland regrettably succumbed to the threat.

What does it mean? Article 26 obligates countries to cooperate in bilateral information exchange for tax purposes if the information is "foreseeably relevant" to the tax affairs of a given taxpayer, but forbids "fishing expeditions."

In a blunt response to its critics, Swiss Finance Minister Hans-Rudolf Merz issued a statement saying that Switzerland "regrets this procedure" and noted that concrete evidence must back any suspicion. Other statements by Swiss officials indicate that they will not entirely pull off the veil of bank secrecy.

Nonetheless, the veil has been badly torn.

Safe Deposit Box or Box Safely Deposited

If you've been nodding in agreement, then you're ready for the final question. If asked where is the safest place to store valuables, most would probably answer, "At the bank," or "In a safe deposit box." And they might even be right.

But there's an alternative: specialist depositories.

What's the difference? And is there an advantage to using a depository?

Typically a safe deposit box in Switzerland is located in a secure room within a bank, and in many cases inside the bank vault. Either way, you'll be required to first open an account at a Swiss bank before renting a safe deposit box. And that can be tricky.

In the last few years, Swiss banks have come under growing pressure to share information about their non-Swiss customers with outside tax authorities; that's especially true when the customers are Americans. Many Swiss banks now discourage Americans from opening an account by requiring minimum balances that can reach six figures and beyond. Some have simply closed the door to U.S. citizens.

And if you have a Swiss or other foreign bank account with a balance that exceeds US\$10,000 at any time during the year, you must file form TD F 90-22.1, Report of Foreign Bank and Financial Accounts with the Treasury Department.

Alternatively, specialist depositories can store your box of gold in their high-security warehouse and/or vault and can also provide a range of related services. Unless you want banking services and are willing to meet the high minimums and the attendant reporting obligations, we think the answer is to use a Swiss depository for storing your gold.

We examined several bullion storage options and believe the most attractive for both security and price is VIA MAT International, which is located next to the Zurich airport. We just returned from visiting the facility and talking with the official who handles the paperwork and logistics for moving and storing gold bullion, and we cover those details at the end of this report. But first let's look at the process of exporting your gold.

Following the Yellow Brick Road

Once you've decided to store gold in a Swiss depository, the next step is to get the metal to Zurich. There are three paths you might take: transporting the gold yourself, international air cargo, or international freight forwarder.

Do It Yourself. We do not advise that you attempt to travel with your gold as part of your carry-on luggage. Apart from the risk of theft and assault, do you really want to put yourself at the mercy of the brain trust known as the Transportation Security Administration (TSA)? And don't kid yourself that your gold will slip through undetected. Passengers and their luggage are screened at the airport security checkpoint with magnetometer devices, the same technology employed in the wands that treasure seekers use to comb the beach or sweep an underwater shipwreck. Not recommended.

International Air Cargo. International air carriers can transport your gold bullion. Such carriers include the cargo divisions of commercial airlines and chartered carriers. Each carrier has its own procedures for valuation, insurance, and packing.

International Freight Forwarder. An international freight forwarder is an agent for the exporter (you) in moving cargo (your bullion) to an overseas destination. They are familiar with export regulations, the methods of transport, and the required documentation. A freight forwarder also serves as an interface between you and an international air carrier, which may lower your costs through the reduced freight rates that forwarders have negotiated with some air carriers.

The availability of cargo carriers or freight forwarders depends on your location – Kansas City will offer many choices; Emporia, Kansas but a few. A freight forwarder may have an affiliate in your small town, but using the affiliate increases the number of transfer points, which raises the chance for delays or missed connections. So if your treasure's zip code exceeds the population, we suggest chauffeuring the metal to the largest city within an acceptable driving distance (but no overnights). Your road trip will reduce the handling of the gold, save some money, and cut the odds of your shipment going non-routine.

After choosing the city from which your gold will begin its bon voyage, you can visit the respective airport's website to learn which cargo carriers are available. Freight forwarders in the area can be located doing an Internet search for "international freight forwarders" and the city

Don't Play Games

"If your aim is to protect your gold from political risk and other hazards, don't sabotage yourself by doing something foolish. Your airbill and export papers are legal documents, so don't play games with U.S. and Swiss Customs about what you're exporting.

One surefire way to have your gold confiscated is to make a false declaration as to the contents of your curiously petite yet heavy box. If a customs officer wants to have a look at your "Fishing Weights and Lures," the least of your worries will be what happens to your gold. Attempting to smuggle gold outside the country will probably get you charged with a few unpleasant-sounding things, and a complimentary overnight behind bars while awaiting your lawyer's arrival.

Don't risk your personal freedom in the name of financial freedom. Keep everything on the up and up. And that includes filing FinCEN Form 105 (formerly Customs Form 4790) with U.S. Customs, declaring the export of over US\$10,000 in "monetary instruments." There's much debate about whether gold bullion/coins are exempt or not. Play it safe. File the form. Don't give an envy-driven civil servant the excuse to steal your gold.

name. On a no-name basis, you should contact each prospect to confirm that they handle gold bullion and then request a rate quote.

Final Approach

In general, goods entering Switzerland can be stored two ways: bonded or inland. Delivering merchandise to a bonded warehouse attracts no duties or other taxes. Such bonded storage is used when the merchandise will be re-exported or to postpone its importation. Inland storage means your merchandise has been formally imported and all duties and taxes have been assessed and paid. Bonded storage is more expensive than inland storage.

And here we have good news: gold bullion is free from Swiss import duty and other taxes. So

you will import your gold into Switzerland and use inland storage at VIA MAT.

Okay. Your gold has departed the U.S., slept through the in-flight movie, taxied to the gate, been unloaded, and is being held by your carrier or forwarder at the Zurich airport. Now what?

This is when VIA MAT gets involved.

VIA MAT International AG

Obstgartenstrasse 27
CH-8302 Kloten
Switzerland

Tel: 011.41.44.804.9500 (from U.S.)

Fax: 011.41.44.804.9510 (from U.S.)

Web: <http://www.viamat.com>

Email: info@viamat.com

Your airbill will indicate VIA MAT as your customs broker in Zurich (other brokers can be used, but we see no advantage to that), so your carrier or forwarder will notify VIA MAT that the shipment is being held for customs clearance. An agent or representative from VIA MAT will clear the shipment through customs and transport it to their office. You will already be in Zurich (this is optional; explained below), and VIA MAT will contact you about when you should arrive at their office, located about three kilometers from the Zurich airport main terminal.

After you arrive at their office, your shipment is opened and inventoried in your presence. Next, the gold is repacked in a VIA MAT storage container, which then is sealed and tagged with your account number and transferred to their off-site vaulting facility. You are issued a storage certificate that identifies you by name and shows the number of the seal on your container. The original storage receipt must be presented to remove or forward your container. Although this arrangement has an account number, it's not a financial account; what you get back is whatever you put into the container.

Also, if you later decide to export more gold from the U.S. to be stored with VIA MAT, the second shipment will be processed separately, stored in its own VIA MAT container, sealed and tagged with a new account number and linked to its own storage certificate. The co-mingling of stored gold from different shipments is not allowed.

VIA MAT can complete the entire process in your absence, a service we think many will find appealing. The storage account can be opened and your identity verified via email and through the post. They will arrange for the export of your gold, customs clear it, and transport it to their facility. Your shipment is opened, inventoried, repacked, and sealed under double custody, and the procedure is videotaped. Your storage certificate is returned to you in the mail.

Of course there are many variables, and with that in mind we were told the charge would be "a minimum" of US\$1,500 for the in absentia service -- not bad, considering the time and cost of making a trip to Zurich.

First-Class Solutions at Coach Prices

VIA MAT International is part of Mat Securitas Express AG of Switzerland, one of Europe's oldest (60 years) and most trusted armored transport and storage companies. They are specialists in the international logistics and storage of treasure.

Their global presence is impressive: offices in Argentina, Brazil, Chile, China, France, Germany, Great Britain, Italy, Singapore, the U.S., and soon Dubai. They offer reshipment to any of these locations, and at your instruction your gold can be divided and shipped to multiple locations. They have an extensive network of partners and representatives that can handle the forwarding of your shipment to just about anywhere in the world. And all this can be arranged over the phone.

Of the many facilities that we researched, VIA MAT offers hands down the most extensive storage and transport options at the lowest price. The fees for storing inland gold bullion are determined by the gold's value as follows:

Up to SF1,000,000	SF175.00 per month
SF1,000,000 to SF3,000,000	SF.160 per SF1,000 market value minimum charge SF250.00 per month
SF3,000,000 to SF5,000,000	SF.1535 per SF1,000 market value minimum charge SF465.00 per month
Fees for higher values upon request	

The monthly storage fee (add 7.6% for Swiss VAT) includes insurance against all risks except war and terrorism under a policy issued through Marsh Ltd of London and underwritten by Lloyd's of London. The value of your vaulted gold will be determined each quarter based on average London prices, so your monthly bill will vary.

VIA MAT is very flexible with payment options. You can pay monthly, quarterly, semi-annually, or yearly. Payment can be made by personal check, international money order, wire transfer, or cash in person. You will be invoiced via email; all billing is paperless. They do not accept prepayment.

If you come down with a bad case of gold fever, you can arrange a site visit to view your gold. You and your gold will meet in a secured area. A fee will be charged to cover the costs of resealing and retagging, the issuance of a new storage certificate, and administration of the process.

Finally, we need to mention that the importation of white metals such as silver, platinum, and palladium into Switzerland are taxed and assessed duty. To avoid such charges, VIA MAT can store these materials in their bonded area. VIA MAT can email information about the monthly storage fees and import charges for this service. Contact them for details.

If you're interested, first contact VIA MAT by email. Indicate the service you want and request additional information. Expect a prompt reply. Print the materials you receive so that you can refer to them when you start the account-opening process.

The VIA MAT representative you'll be working with will be

friendly, knowledgeable, professional, and fluent in English. We are completely confident in our recommendation.

As a Casey Research subscriber, you know that Doug Casey and his team are strong believers in owning gold in several of its many forms: bullion, mining stocks, and a variety of securities. If you've read this far, chances are you agree with us, and have a pretty serious interest in gold. If that's the case, we'd like to invite you to try **BIG GOLD** for just \$79 a year, risk-free.

Each month, you'll gain from an insider's perspective on the best ways to participate in rising precious metals prices — while carefully managing the risks. You'll learn about

- ✓ the new breed of gold and silver
- ✓ low-margin physical bullion and coins
- ✓ the most profitable low-risk gold stocks
- ✓ today's best-managed gold mutual funds
- ✓ how to build a "keep it simple" precious metals portfolio

Try it for 90 days. If you don't think **BIG GOLD** is for you for whatever reason, simply cancel for a 100% refund.

[Click here](#) to learn more.



The Casey Research web site & Kitco Casey web site, Casey's Trend Trader, Casey Investment Alert, Casey Energy Confidential, The Casey Report, International Speculator, Casey Energy Opportunities, BIG GOLD, Without Borders, Casey's Daily Resource PLUS, Casey's Charts and the Explorers' League are published by Casey Research, LLC. Information contained in such publications is obtained from sources believed to be reliable, but its accuracy cannot be guaranteed. The information contained in such publications is not intended to constitute individual investment advice and is not designed to meet your personal financial situation. The opinions expressed in such publications are those of the publisher and are subject to change without notice. The information in such publications may become outdated and there is no obligation to update any such information.

Doug Casey, Casey Research, LLC, Casey Early Opportunity Resource Fund, LLC and other entities in which he has an interest, employees, officers, family, and associates may from time to time have positions in the securities or commodities covered in these publications or web site. Corporate policies are in effect that attempt to avoid potential conflicts of interest and resolve conflicts of interest that do arise in a timely fashion.

Any Casey publication or web site and its content and images, as well as all copyright, trademark and other rights therein, are owned by Casey Research, LLC. No portion of any Casey publication or web site may be extracted or reproduced without permission of Casey Research, LLC. Nothing contained herein shall be construed as conferring any license or right under any copyright, trademark or other right of Casey Research, LLC. Unauthorized use, reproduction or rebroadcast of any content of any Casey publication or web site, including communicating investment recommendations in such publication or web site to non-subscribers in any manner, is prohibited and shall be considered an infringement and/or misappropriation of the proprietary rights of Casey Research, LLC.

Casey Research, LLC reserves the right to cancel any subscription at any time, and if it does so it will promptly refund to the subscriber the amount of the subscription payment previously received relating to the remaining subscription period. Cancellation of a subscription may result from any unauthorized use or reproduction or rebroadcast of any Casey publication or website, any infringement or misappropriation of Casey Research, LLC's proprietary rights, or any other reason determined in the sole discretion of Casey Research, LLC. © 1998-2009 by Casey Research, LLC.

