

LOBBY WATCH



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Precious:

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Gold Deposits Contractor Paid Tribute to the King

Follow the yellow-brick road to Texas Bullion Depository.

There are no records of Austin-based Lone Star Tangible Assets, LP executives making state campaign contributions before Gov. Greg Abbott signed a [bill](#) authorizing the Texas Comptroller to create the Texas Bullion Depository in June 2015. Thereafter three company leaders suddenly became politically active, making coordinated contributions totaling \$21,500 to Gov. Abbott and Comptroller Glen Hegar as Lone Star Tangible successfully sought a contract to build and operate a state-sanctioned precious metal depository.¹

Four months after Abbott signed the bill, Lone Star Tangible Assets (LSTA) Chair Matt Ferris gave Abbott \$3,500. The next March, Hegar reported that Ferris and two top LSTA executives each gave him \$3,500 on the same day. The threesome also made same-day contributions of \$2,500 apiece to Abbott in November.

The Comptroller solicited bids for the contract in the summer of 2016 and announced LSTA as the winner this month. The Comptroller's media [release](#) announcing the contract quotes Ferris saying, "We have already developed a fantastic collaborative

relationship with the Comptroller's office."

LSTA has an initial five-year contract to build and run the depository at its own cost. In signing the 2015 bill, Gov. Abbott said that it would "repatriate" \$1 billion in gold from New York vaults.

The Governor's Office later said that this was a reference to bullion holdings of the University of Texas Investment Management Co. (UTIMCO), which has \$861 million in gold. UTIMCO indicated that it would consider parking gold in Texas if the depository joined the Chicago Mercantile Exchange's COMEX, which trades in gold futures. Ferris [told](#) the *Texas Tribune* that LSTA will not join the exchange. Instead, it will warehouse gold for private investors.

Lone Star Tangible Assets Contributions

Date	Amount	Recipient	Contributor (Title)
10/22/2015	\$3,500	Abbott	Matt Ferris (Chair)
3/8/2016	\$3,500	Hegar	John Hutmacher (CEO)
3/8/2016	\$3,500	Hegar	James Buckley (CFO)
3/8/2016	\$3,500	Hegar	Matt Ferris (Chair)
11/3/2016	\$2,500	Abbott	Matt Ferris (Chair)
11/3/2016	\$2,500	Abbott	James Buckley (CFO)
11/3/2016	\$2,500	Abbott	John Hutmacher (CEO)
TOTAL	\$21,500		

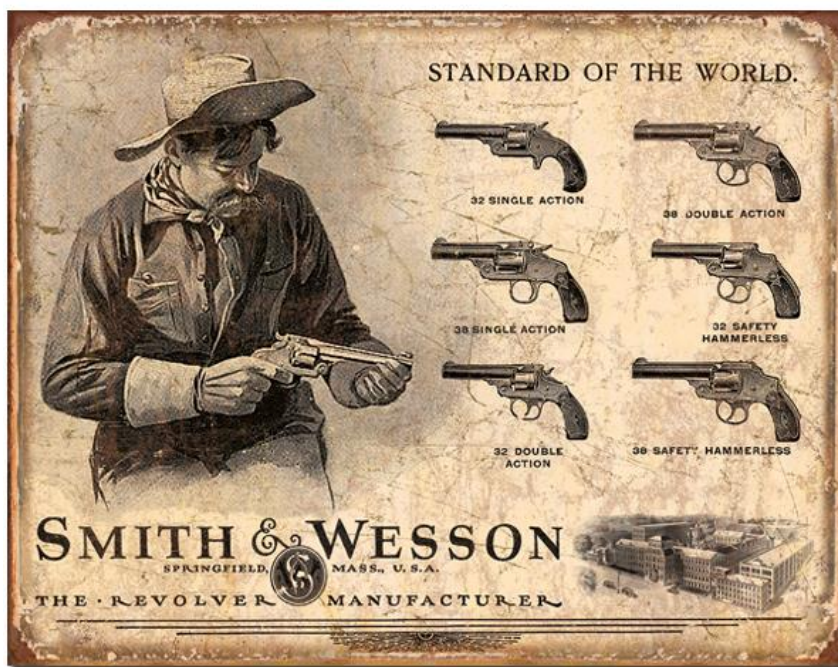
This raises awkward questions about why so many self-proclaimed conservatives want to expand the state's role into overseeing a private gold depository to service private citizens? Isn't this something best left to the private sector? Is this all an elaborate subliminal shout out to Ron Paul conservatives nostalgic for the gold standard?

Then-Gov. Rick Perry [endorsed](#) the idea of a Texas gold depository when Rep. Giovanni Capriglione proposed it in 2013. Capriglione's 2015 bill fared better after revisions that assured that no state funds would be spent on the venture. Gov. Abbott signed that 2015 bill shortly before customers of Austin-based depository Bullion Direct learned that their "tangible assets" worth tens of millions of

dollars had [vanished](#) in the company's sudden bankruptcy (Bullion Direct owner Charles McAllister gave Gov. Perry \$1,000 in 2009).

"People will be able to sleep at night knowing the state of Texas is protecting their gold," Comptroller Hegar noted in his recent media release. If the state does not store its gold in the depository, however, it will only afford a better night's sleep to a tiny elite.

Given the Bullion Direct bankruptcy, and absent state-backed deposit insurance, some gold bugs might rest easier with their bullion crammed under the mattress as they engage that East-Coast security firm that has protected Texans for 165 years—Smith & Wesson. •



Note

¹ The comptroller administers the depository with the advice and consent of the governor, the lieutenant governor and the senate.