

Flash! The Texas Bullion Depository Goes...Global...

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Rarely do I get a submission – in this case from S.D., to whom a *big* thank you for spotting and sharing this one – that is so significant. In fact, this one is so *hugely* significant that I'm releasing this blog immediately, rather than waiting until Friday like I originally intended. It's what in the heyday of newspapers would have been published as a "flash" or an "extra".

Remember the Texas state bullion depository? I've blogged about the story, and about how I think it's part of a larger pattern of state initiatives that indicate that some, at least, at the "deep state" layers of state governments in the USA are preparing for a potential crack up. The signs are there: open defiance of the Federal government during the Trump administration of states and sanctuary cities simply refusing to enforce Federal law; now, states like Texas openly defying Biden administration policy by enforcing the borders and, in Texas' case, deciding to go ahead with Mr. Trump's "wall." Or consider all the states passing marijuana legalization and even allowing "pot stores," again in open defiance of federal law. The point is, the defiance is growing, and that means the federal government is increasingly weak.

Establishing a bullion depository is exactly the step one would take if one were concerned about a break up, and your

state's ability to continue economic activity and to be able to transact on the global stage in that eventuality.

But one would do something else, and Texas just did it:

[The Texas Bullion Depository The Only State-Run Depository Prepares to Go Global](#)

Note the following:

In summer 2018, Texas began operating the nation's only state-run bullion depository, a highly secure, government-backed storage facility comparable to the U.S. Bullion Depository in Fort Knox, Kentucky, which holds federal gold reserves. Now the Texas Bullion Depository (TxBD), which experienced a surge of deposits during the earlier phases of the global coronavirus pandemic, aims to provide its services to a wider range of clientele and make lasting impacts that extend well beyond the Texas border.

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With TxBD in operation, a push is building in Texas for commodities trading options outside of New York. According to State Rep. Giovanni Capriglione, the author of the [bill that created TxBD External Link](#), Texas is ideally positioned both geographically and economically to become an epicenter for commodities trading.

...

ll U.S. citizens and residents, including businesses, trusts and estates, are eligible to apply for a [TxBD account External Link](#) to deposit bullion for safekeeping. (TxBD does not require applicants to reside in Texas to qualify for an account.) As of June 2021, nearly 1,000 account holders had deposits at TxBD, with the average account valued at approximately \$140,000, Douglas says. And in 2019, the Texas Legislature passed and Texas voters approved a [constitutional](#)

[amendment External Link](#) *allowing the state to exempt all precious metals stored at TxBD from property taxation.*

...

In the long term, TxBD seeks to expand its customer base and partner with banking institutions to provide COMEX-level liquidity needed to serve larger investors. (Boldface emphases added)

Now you may think that the real news here is the apparent bid of the Texas Bullion Depository to become a kind of “COMEX South,” and indeed, that *is* news, because it means another step has been taken to ensure the viability of the Texas economy in the event of a federal crack-up.

But the real news – for me at least – is how very similar the Texas Bullion Depository looks to a Venetian *banco di scritta*, the banks on the Rialto that would handle depositors’ accounts – i.e., *receive their bullion* – and simply handle their accounts via ledger entries between banks and merchants (or, in some cases, by issuing actual paper bank notes), settling accounts every few days or so by actual physical transference of bullion. This is the type of bank conceptually *behind* central banks’ bullion depositories, where bullion is moved from one cage representing, say, France, to another cage, representing Italy, as transactions are cleared. Needless to say, the system is based on a lot of trust, and when that trust collapses, depositors demand their hard assets (think of the German gold repatriation, the central bank equivalent of a bank run on cash). Note that in Texas’ case, *the accounts of depositors have been exempted from property taxation.*

Again, this is a hugely significant development, because in effect, Texas has done for the ordinary depositor at the bullion depository what the Bank of International Settlements (BIS) did for central bankers: it has created a quasi-

sovereign jurisdiction – a tax haven – a bullion depository-cum-Rialto-clearing-bank... kind of like the Bank of International Settlements..

... and *unlike* the Bank of International Settlements hiding in its tower in Basel and issuing papers about how wonderful digital currency is, it's open to anyone, anywhere...

If it manages to conduct business lawfully, openly, and with probity, then watch out folks, it will send shockwaves around the world.

Or to put it country simple: this is huge folks. This isn't the launch of a little schooner, it's the launch of something very big whose displacement is – perhaps intentionally – understated... When the Texas Bullion Depository creates its own “unit of account” and you start trading notes based on the deposits, then you'll know...

See you on the flip side...

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