

# Wall Street Journal: Why don't the bad people of the world simply hide their money in gold?

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Gold is valuable as a *private currency*. You can use it to avoid government control, because no government controls it. You can use it to “launder” money, an ominous but vague term that can mean bad things or harmless ones. You can use it to make anonymous transactions or transfers and to store your money in secret.

The gold market is huge and liquid. One Krugerrand or American Eagle coin is the same as another. There's a long history to the asset. There are big, reputable and established brokers in every major country. Gold doesn't decompose. It's easily hidden or stored. Gold is basically cheap and easy to buy, store, hide and sell, here or abroad.

## **The Mossack Fonseca and Hastert financial cases highlight the true value of the yellow metal**

The world's wealthy and privileged hired Panama-based law firm Mossack Fonseca to hide their money.

What's the true value of gold?

How's this for a real-world, if ugly, answer: If former House Speaker Dennis Hastert had paid off his accuser using gold coins instead of U.S. dollars, he wouldn't be facing jail time for breaking banking regulations at the age of 74. (He has pleaded guilty.)

And if international tax cheats had hidden their secret assets in anonymous gold bullion, rather than in shell companies set up by Panamanian law firm Mossack Fonseca, they wouldn't now be under police investigation. They'd still be sitting on their yachts, sipping Laurent-Perrier.

Maybe they deserve what they're getting. Because on top of being unethical or immoral, they're also kind of stupid. I really ought to set up shop in this climate as a financial adviser to crooks, scam artists, dishonest politicians, drug dealers, ne'er-do-wells and crazy anarchists.

Lots of these cheats are really rich. They are willing to pay through the nose for advice. And most of their current advisers are clueless.

Instead, here I am giving advice away for free. What a dummy.

We're looking at plenty of people who could have achieved the same goals, with no serious risks whatsoever, by avoiding expensive and tricky financial maneuvers and using some old-fashioned bullion.

A few weeks back I caused all sorts of petulance among gold bugs when I pointed out that bullion is no “safe haven” in times of financial turmoil – or, indeed, in any other.

Some people mistook this to mean I thought gold was a completely useless as a financial asset.

I didn't. I don't. And it isn't.

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Want to see an example? Take the loathsome Dennis Hastert.

He's accused of heinous crimes: sexually abusing boys, some as young as 14, back when he was a young high school wrestling coach. He is not a sympathetic case. And I would never defend him.

Nonetheless, he is now facing jail time, not for the alleged abuse, but for illegally *withdrawing his own money from his own bank account* to pay hush money to one of his accusers. Oddly enough, Hastert's “crime” was breaching banking regulations that read like something cooked up by the Gestapo or George Orwell.

(The government wants to know every time you take \$10,000 of your own money out of your own bank account. If you take out \$5,000 a week for two weeks, however, that's illegal too, because you're getting around the \$10,000 limit by, er, obeying it. Yes, really.)

OK, many of those trying to hide their financial affairs are bad people hiding bad things. But you don't have to be a crook or a crazy Ayn Rand anarchist to see the good in privacy.

What if this weren't Dennis Hastert? And what if we weren't talking about child abuse? What if this were a public figure who was being blackmailed over their sexuality, or anything else they wanted to keep private? What if it were someone being blackmailed for, say, adultery? Or addiction to pain killers?

According to the government's own logic, that figure could still be facing jail time for paying with his own cash. You couldn't make it up.

Hastert wanted to keep the payoffs private. He could have wired the money directly from his bank account to a gold dealer in exchange for Gold coins, and then handed those to his accuser – who could have then called up the same dealer and sold them back for cash.

Cha-ching! No details. No footprints. And no crime. Hastert today, whether he deserves it or not, would be sitting pretty.

Now take the people trying to hide their money using Panamanian shell companies and trusts. If the age of the Internet and WikiLeaks has taught us anything, it's that anything that can be leaked probably will be leaked. The so-called "Panama Papers" are causing shock waves around the world. The Icelandic prime minister has resigned. The British prime minister is in trouble. Various rich and powerful people across the world have been caught up in the web.

Heads are going to roll. For some of these people, who live in countries with harsh penalties, they may literally roll.

Once again, we're looking at plenty of people who could have achieved the same goals, with no serious risks whatsoever, by avoiding expensive and tricky financial maneuvers and using some old-fashioned bullion.

But, of course, that probably would have seemed far too simple for the people trying to hide their money. And probably would have generated very few fees for the clever people at Mossack Fonseca.

There's good snorkeling in Panama, right?