



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 11, 2018

The Honorable Alex X. Mooney
U.S. House of Representatives
Washington, DC 20515

Dear Representative Mooney:

I write in response to your April 24, 2018 request for information regarding the U.S. Department of the Treasury's activities involving gold.

All Custodial Deep Storage Gold has been inventoried, audited, and sealed in secure facilities under joint custody of the United States Mint and the Treasury Office of the Inspector General (OIG). On an annual basis, the United States Mint, in conjunction with the Treasury OIG, conducts an Audit of Mint Schedules of Custodial Deep Storage Gold and Silver Reserves. The annual audit includes an inspection of all gold compartments and Joint Seals to verify the compartments are locked, and the seals have not been tampered with and are intact. The balances of custodial gold and silver do not change and are not leased or swapped.

Neither Treasury nor the United States Mint engage in any transactions in gold or gold derivatives through the Bank for International Settlements, Bank of England, or other central banks, or governments. However, as authorized by law, the United States Mint markets and sells commemorative and bullion gold coins.

If you have further questions, please contact the Office of Legislative Affairs.

Sincerely,

Brad Bailey
Acting Assistant Secretary
Legislative Affairs

cc: The Honorable Jerome Powell



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

JEROME H. POWELL
CHAIRMAN

July 12, 2018

The Honorable Alex X. Mooney
House of Representatives
Washington, D.C. 20515

Dear Congressman:

Thank you for your letter dated April 24, 2018, concerning United States government gold policies and activities. I will respond to your questions that fall within the purview of the Board of Governors of the Federal Reserve System. We understand that the Department of the Treasury will respond to you separately concerning those aspects of your questions that are subject to its jurisdiction.

1. Records in the archives of the historian of the U.S. State Department describe U.S. government policy in recent decades as aiming to drive gold out of the world financial system in favor of the Federal Reserve Note or Special Drawing Rights issued by the International Monetary Fund. <https://history.state.gov/historicaldocuments/frus1969-76v3I/d63>

Is this still U.S. government policy toward gold? If not, what IS the U.S. government's current policy toward gold?

We understand that the Department of the Treasury will respond with respect to the U.S. government's current policy toward gold generally. The Federal Reserve has not owned any gold since enactment of the Gold Reserve Act of 1934, and therefore could not sell or lease gold to influence its price. Likewise the Federal Reserve does not engage in financial transactions related to gold, such as trading in gold options or other derivatives.

2. I have heard complaints that the U.S. gold reserve has not been fully audited for many decades, particularly as there seems to have been no acknowledgment of -- or accounting for -- "swaps" and leases of gold or arrangements for such to which the U.S. government has been a party. Does the U.S. government, through the Treasury Department, the Federal Reserve System, or any other agency or entity, transact in gold or gold derivatives

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either directly or through intermediaries? If so, what are those transactions and what are their objectives?

The Federal Reserve does not, either on its own behalf or on behalf of others, including other government agencies, lend gold or silver, facilitate the lending of gold or silver, or trade in any securities, such as futures contracts and call and put options, involving gold or silver. The Federal Reserve does not engage, nor has it ever engaged, in "gold swaps."

3. Does the U.S. government undertake any transactions in gold or gold derivatives through the Bank for International Settlements, Bank of England, or other central banks or governments? If so, what are these transactions and their objectives?

The Federal Reserve does not undertake transactions of any kind in gold or gold derivatives with any entity.

I hope this information is helpful to you. Please let me know if I may be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "James H. Powell". The signature is written in a cursive, slightly slanted style.