



# Do You Own Your Gold?

## Legal Title Is Essential To Precious Metals Ownership

October 20, 2020

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**W**hether you're buying a brand new BMW or a second hand Range Rover, it's necessary to secure clear title so you can sell or trade the vehicle in the future. If you purchase a home in The Hamptons or in the Vancouver suburbs, the title or warranty deed should ensure the property is unencumbered by a mortgage or tax lien. When acquiring gold, silver or platinum, you need documentation to prove you own the bullion and can take physical possession if desired. Without proper paperwork, you might not own the car, the mansion or the metal.

While most people know the importance of owning an automobile or real estate outright, investors too often fail to obtain legal title to their precious metal holdings. This is an enormous and fundamental mistake. If you stash a handful of gold bars and silver coins in a home safe, you're adequately covered, particularly if your bullion is insured with a rider to your homeowner's policy. Possession, as it's been said, is 9/10ths of the law. However, if your precious metals stack has outgrown your secret cellar vault, you'll probably take the risks of self-storage into account and delegate someone else to store your bullion. In that case, it's imperative to do your due diligence, making sure you have legal ownership of your wealth preservation stockpile.

As with classic collector cars, luxury yachts or tract of fertile farmland, establishing free and clear title is crucial. To assure ownership, gold and silver bullion must be stored on an allocated basis, meaning the metal is held exclusively for you - the title holder. Documentation ensuring legal title must state the owner's name, bar weight, purity, serial number, and the name of the refiner. If any of these details are missing, ownership of your precious metals could be in doubt, and its authenticity and value compromised.

Hundreds of financial products track gold and silver prices, but few confer legal title or allow investors to take possession of physical metal. Most precious metals-linked investments are based on unallocated or pool accounts, meaning shareholders own IOUs or paper promises for gold, silver or platinum rather than specific ounces or bars of bullion. This defeats two primary reasons for outright bullion ownership: no counterparty risk and certainty that your metal holdings aren't leased, leveraged or hypothecated in any way.

While ETFs allow investors to bet on the future price of gold and silver, they don't grant legal ownership to the underlying metal. Most shareholders of SPDR Gold Trust (GLD) and iShares Silver Trust (SLV), for instance, can't take delivery of bullion held by trust custodians. (See "[The Illusion of Owning Gold](#)" article.)



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That's why it's essential for individuals and financial advisors to read and understand what they are buying or selling to their clients before exchanging hard-earned cash for a precious metals investment. Unfortunately, custodial arrangements and storage details cited in ETF disclosure statements are complicated, rife with legalese and perplexing insider lingo; some say intentionally. The convoluted language prevents many investors from understanding precisely what they're buying. The [U.S. Securities and Exchange Commission \(SEC\) discourages investment in financial products that are overly complex and beyond an investor's comprehension.](#)

“Do don't invest in something that you do not understand. If you cannot explain the investment opportunity in a few words and in an understandable way, you may need to reconsider the potential investment.”

~ U.S. Securities and Exchange Commission (SEC)

People willing to investigate precious metals ownership should consider funds with allocated bullion custodial agreements and storage. Allocated funds segregate holdings and certify individual ownership of specific bullion bars. Such is the case with BMG's BullionFund, BMG Gold BullionFund and BMG Silver BullionFund, which convey legal title of gold, silver and platinum to the unitholders of the funds.

As individuals, financial advisors and pension fund managers diversify their portfolios amid monetary inflation and economic turmoil in the coming years, more people will turn to precious metals ownership as an alternative to traditional stock and bond investments. The key is obtaining the proper paperwork, thus ensuring free and clear title to the world's most enduring and time-tested money.



*Nick Barisheff is the founder, president and CEO of BMG Group Inc., a company dedicated to providing investors with a secure, cost-effective, transparent way to purchase and hold physical bullion. BMG is an Associate Member of the London Bullion Market Association (LBMA) as well signatory to the Six Principles of Responsible Investments (United Nations endorsed Principles for Responsible Investment – PRI).*

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