

*Testimony of Ross Hansen  
before the United States House of Representatives Committee on Financial Services  
April 7, 2011*

Chairman Paul, Ranking Member Clay, and members of the Committee,

My name is Ross Hansen, and I am the founder and CEO of Northwest Territorial Mint. I have personally been in the precious metals business for 35 years, and I founded Northwest Territorial Mint in 1984 as a fully integrated mint. We are the largest non-governmental mint in North America, and we not only produce our own brands of bullion products, but we are also a retailer of a number of different governmental bullion products, including being an authorized retailer of the United States Mint bullion coins.

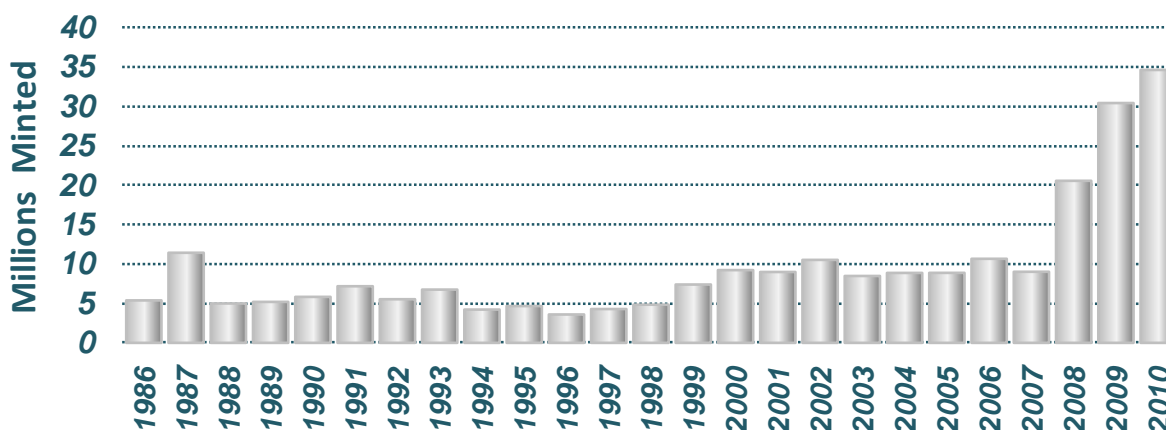
Two years ago, I acquired Medallion Art Company, which was, at one time, a primary producer of silver blanks for the United States Mint.

And in full disclosure, my company makes a number of challenge coins for all levels of the military and many government agencies, including numerous members of Congress.

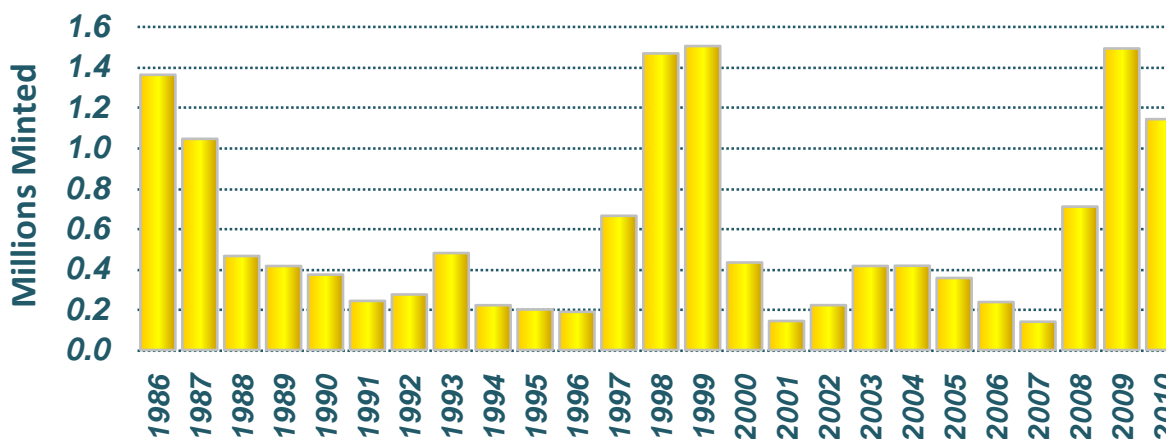
Because of my experience in the private sector, I have been asked to testify before this Committee regarding the bullion coin program of the U.S. Mint.

As you may know, the U.S. Mint began its bullion program in 1986, but it has only been in the last three years that demand for the silver American Eagle bullion coins has exploded to unprecedented levels. Many social and economic factors have contributed to this dramatic increase in demand, not the least of which is the public's perception of an imploding U.S. dollar.

### Silver American Eagle Bullion Mintage 1986-2010



### American Gold Eagle Bullion Mintage 1986-2010



In recent years, the U.S. Mint has often been unable to meet the increased demand for its bullion products. The frequent shortage of these products has led to the following problems:

1. The premiums charged by the authorized U.S. Mint distributors have fluctuated wildly.
2. Sales have been lost, which decreases the amount of revenue to the U.S. Mint.
3. The bullion programs of foreign governments have been allowed to penetrate into U.S. markets.
4. These production problems have created a widely held negative perception of the U.S. Mint.

The cause of the Mint's inability to make enough bullion product to satisfy demand can be traced directly to its supply chain, specifically, its suppliers of silver blanks. For example, up until recently, the United States Mint was using a single source for its silver blanks. This single source had known limitations in its production capacity and could not expand its production to meet the Mint's needs.

Rather than working to develop a domestic pool of vendors for these raw materials, the U.S. Mint has contracted with the Perth Mint in Australia – half a world away – to make up the shortage. Any business would recognize that this adds to the cost of materials and transportation, and significantly increases the length of time for delivery.

I am not here today merely to point out the obvious shortcomings of a program that I have a high regard for. Instead, I would like to see the American Eagle bullion program continue to grow and succeed. For this to happen, I offer the following solutions for your consideration:

1. The U.S. Mint should **create an industry advisory group** comprised of experienced minting-industry professionals who are intimately familiar with the materials and processes employed by both government and private mints. This group should include suppliers of both the equipment and the raw materials that are used by the industry. This group would be distinct from an existing advisory group that deals with coin *design* issues – the group I am proposing would help with coin *production* issues.
2. The U.S. Mint should **engage in an aggressive vendor-development program** to assure that it has multiple domestic suppliers to meet the Mint's growing needs.

3. As part of the vendor selection, the U.S. Mint should **ensure that its vendors have an elastic capacity**, that is, they have both the ability and the capacity to expand production and supply blanks as needed.
4. The U.S. Mint should **maintain a larger inventory of bullion blanks and finished coins** in order to better respond to surges in demand for its products.
5. And finally, **a change in attitude**. The U.S. Mint needs to adopt a change in its attitude toward the public and industry. They often display an attitude that used to be attributed to the phone company of “*we don’t care – we don’t have to.*” Their attitude toward vendors and authorized purchasers is often described as surly and arrogant.

It is my opinion that these recommendations, if implemented, could help to make a good program into an excellent one that will fulfill its Congressional mandate to produce high-quality bullion products in sufficient quantities to meet the demands of an ever-changing market.

Thank you, Chairman Paul, Ranking Member Clay, and members of the Committee, for the opportunity to share these thoughts with you.

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**United States House of Representatives  
Committee on Financial Services**

**“TRUTH IN TESTIMONY” DISCLOSURE FORM**

Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee on Financial Services require the disclosure of the following information. A copy of this form should be attached to your written testimony.

<b>1. Name:</b>	<b>2. Organization or organizations you are representing:</b>
Ross B. Hansen Owner and CEO	Northwest Territorial Mint, LLC.
<b>3. Business Address and telephone number:</b>	
<div style="background-color: black; width: 100%; height: 40px;"></div>	
<b>4. Have <u>you</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?</b>	<b>5. Have any of the <u>organizations you are representing</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?</b>
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>6. If you answered .yes. to either item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets.</b>	
<b>7. Signature:</b>	

*Please attach a copy of this form to your written testimony.*