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Them Thar Vaults

**By Lizzie Widdicombe**

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New York has a natural fortress mentality: its citizens are accustomed to the idea that the city's greatest riches are not visible at street level. Botoxed brows, Prada bags, Trump exteriors—these are generally fool's gold. The real riches—exclusive clubs, deep credit lines—go unannounced, hidden behind unmarked doors and made inaccessible by pass codes. Another piece of evidence: the recent investment craze for precious metals. Last month, with the price of gold holding at more than thirteen hundred dollars an ounce, JPMorgan announced that it had reopened an underground gold vault downtown that had been closed in the nineties. (The bank also built a new gold vault in Singapore.) A demand for gold vaults is not necessarily a sign of imminent economic recovery: gold tends to appreciate in times of uncertainty. Nonetheless, news of the reopened vault stirred up a sort of primal excitement: images of Scrooge McDuck swimming through piles of gold coins under Broad Street.

The city has a long history of storing gold under its streets. The largest gold repository in the country is the Federal Reserve Bank of

New York, on Liberty Street, which holds two hundred and sixteen million ounces of gold—worth more than two hundred and ninety-three billion dollars at today’s prices—for thirty-six foreign governments and organizations. (Robbing it was the premise of the Bruce Willis movie “Die Hard: With a Vengeance,” which includes the line “One hundred and forty billion dollars! Ten times what’s in Kentucky. Fort Knox? Ha! It’s for tourists.”) And the city’s basements are pocketed with old gold-vault spaces, left over from the days, in the nineteenth and twentieth centuries, when the dollar, like most major currencies, was tied to the gold standard. Banks were required to keep gold in reserve, since anyone with an account could request his savings in gold coins to, say, settle a debt in a foreign country. “People really did this,” the financial historian Richard Sylla said last week. “They’d take gold out of the vaults, and take it a few blocks and put it on a ship.”

Nixon took the country off the gold standard in the early seventies, but investors still buy the commodity. Private gold is stored in a few locations in New York: the HSBC vault, at 452 Fifth Avenue, across from the New York Public Library, is well known as a gold-storing facility, as is the Bank of Nova Scotia at 26 Broadway. There are non-banking storage facilities, too, such as Manfra, Tordella & Brookes, at 90 Broad Street, and Brinks, on Kent Avenue, in Brooklyn.

During the boom years of the eighties and nineties, investors weren’t as interested in gold, and Chase and Citi, among others, closed their Manhattan gold vaults. Meanwhile, the smaller local banks were gobbled up by bigger ones, making their grand old

buildings obsolete. The gold vaults and soaring bank spaces were sold off; some were turned into restaurants and bars. In the era of Too Big to Fail, many of the old vaults are now repositories not for real wealth but for more intangible assets: dancing on banquettes, bottle service. One bank vault is now part of a night club called Element (according to its Web site, it is “NY’s #1 Bachelorette Party Destination!”). The Lower Manhattan Cultural Council has turned a former vault at 14 Wall Street into a venue for performance art. A Western-themed bar named Johnny Utah’s, in an old branch of the Banca Nazionale del Lavoro, near Rockefeller Center, has a mechanical bull in its vault space.

With the price of gold still high, a conundrum has emerged: if the boom continues, where will New Yorkers store their gold? Mitch Rosenberg, a veteran vault manager, formerly of Brinks and HSBC, is working for Ocasa, an Argentine-owned logistics company, which is about to open a huge aboveground vault in Long Island City. Manhattan, he said, is a safe place for gold, but “you can’t build a vault from scratch—it would be an enormous undertaking.” (The “Die Hard” scenario, in which crooks take off with the Fed’s gold in dump trucks, wouldn’t happen, he said. “Even if you could load up a dump truck with gold, where are you going to go? What are you going to do? Sometimes driving around the block in Manhattan can take an hour.”) Rosenberg said that the ideal location for a new vault would be “several stories underground.” He cited the Fed’s vault, which rests on bedrock, and the vault that belonged to Scotia Bank, below the World Trade Center, in which 379,036 ounces of gold remained intact after 9/11. “That was like a bunker.”

Last week, a visit was paid to one potential storage space, an old JPMorgan gold vault that is now a Bobby Van's Steakhouse, at 25 Broad Street. The vault door, taller than a person and several feet thick, was propped open, and the vault entrance was adorned with velvet curtains. A manager said the place would be for sale to JPMorgan or any other bank—"of course, at the right price." A table of doctors who were eating steak and seafood in the vault disagreed. "It's better to keep this vault as a restaurant," one said. "Our secrets are safe." A liquor retailer named Roger, who was drinking red wine, said he didn't have an opinion, but he became gloomy thinking about the high price of precious metals. "That's what motivated my ex-wife to hawk every piece of gold I ever gave her," he said. "Sentiment? Out the window." ♦

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