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The lure of sunken riches

Fortunes ahoy

Treasure hunters' misdeeds have led to tougher laws. Now their business model must adapt

Mar 23rd 2013 | From the print edition

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Nice find cap'n—what's my share?

TWO centuries underwater had dulled their sparkle, yet the first glimpse of silver coins drew excited cheers on board Odyssey Marine Exploration's flagship. The gold coins that came next really caught the Iberian sun—and the spirits. The entire haul was worth around \$500m; a record find for Greg Stemm, Odyssey's boss. He dislikes the "treasure hunter" label, but sports a beard and cracks pirate jokes.

Like old buccaneers, he also tangles with the authorities. After five years of legal wrangling, America's Supreme Court in 2012 upheld a ruling that, because the wreck was a Spanish warship, it enjoyed sovereign immunity. Odyssey has already returned most of the trove, nearly 600,000 coins. A ruling by a Florida court this month could make it pay Spain's legal costs—which run into millions of dollars.

A former chicken farmer called Mel Fisher took eight years to secure his rights to the wreck of the *Nuestra Señora de Atocha*, a 17th-century Spanish galleon. When he found it after more than a decade's searching off the Florida coast, a hotbed for treasure hunters, the state claimed ownership of its cargo of silver coins and emerald jewellery. Eventually the Supreme Court ruled that the site was in international waters, where finders' rights prevail.

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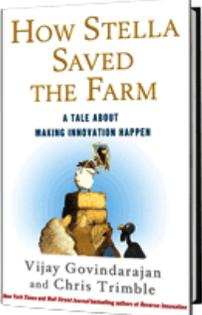
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Such struggles with officialdom make a tough business even harder. Some 3m wrecks pepper the ocean floors, according to the UN (though few contain riches). Finding them involves lengthy research and lucky breaks. Recovery can take months of work by specialist crews. Of 52 annual reports filed by publicly listed shipwreck-recovery firms since 1996, only five show a net profit. In that time Odyssey, the biggest, has racked up losses of nearly \$150m. The “treasure” consists of money extracted from “starry-eyed investors”, according to James Goad, a lawyer who represented Spain in the Odyssey case.

If profits are low, the broader costs are high. Archaeologists accuse treasure hunters of smashing wrecks while looting them. Indonesia complains that a rare Arab dhow site was ravaged in its waters: thousand-year-old ceramics, judged commercially worthless, were thrown back in the sea. The firm’s boss, Tilman Walterfang, stands by his crew’s decisions and blames government meddling.

A UN convention in 2009 banned the sale of artefacts from wrecks over 100 years old and champions their conservation. But only 42 countries have ratified it (not including Britain and America). The opposition of salvage firms shows the convention’s power, argues Ulrike Guérin, who runs its Paris-based secretariat. Where many states sign up, as in Latin America, treasure-hunting ventures are foundering.

Sean Tucker of Galleon Ventures, a salvage firm, says the convention and the Spanish government’s persistence are squeezing out legitimate business. Michael Scaglione of Marine Exploration, another treasure-hunting outfit, has found the flagship of the famous buccaneer Henry Morgan, near Haiti. But because that country is party to the convention, his firm cannot profit from its salvage.

One response is to work more closely with governments. Odyssey has three contracts with Britain, with expenses paid on successful recovery. Galleon Ventures is talking to Colombia about some of the 600 wrecks in its waters.

Treasure is not only on the seabed. Odyssey has its eye on subsea minerals. Mr Stemm says revenues could dwarf those from wrecks. Mr Fisher’s old firm now offers pirate-themed holidays to adventure-hungry tourists. Arqueonautas Worldwide, another firm, has a successful fashion line and plans for a video game and theme park. That may be more fun than most investors have had so far.

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