

Panel 1 – State Oversight and the Legal Origin of Gold

Flávia Maria Valente Carneiro – General Coordinator of Inspection and Regulation, Oversight Directorate, COAF

I shall focus on the aspects of money laundering prevention. I will start immediately because often, when we speak to the ANM, a question that is always put to us is: what does the Brazilian Mining Agency have to do with money laundering prevention?

My first slide features an excerpt from Article 9 of Law 9.613. The Brazilian anti-money laundering law both defines the crime of money laundering and establishes what we call the administrative regime, which begins in Article 9 of the law. In Article 9, the legislator listed economic activities that must comply with this money laundering prevention regime. We will see in the sole paragraph, subsection 11, that the trade in precious stones and metals is included. Therefore, mining legislation has another layer, which is money laundering prevention legislation. From this point forward, we will begin to explore this theme.

Each activity listed in Article 9 has its natural regulator. In the case of the trade in precious stones and metals, the natural regulator is the ANM. Each natural regulator must lay down rules for compliance with the duties attributed by Law 9.613, which are found in Articles 10 and 11, for their regulated sectors.

The commercialisation chain for precious stones and metals spans the regulatory competence of different State bodies. Thus, at the beginning of the chain, in the production phase, the Brazilian Mining Agency is the authority responsible for laying down rules for money laundering prevention for this phase. In an intermediate phase, we have the incidence of the Central Bank's competence regarding institutions authorised to purchase gold in the first acquisition. We have the COAF, because where the sale of gold in the first acquisition is not conducted by an institution authorised by the Central Bank, other entities that commercialise it are subject to the regulation of the COAF itself. Since we also have transport involved in this commercialisation chain, the Polícia Federal has its own anti-money laundering regulations for its value carriers, and at the end of this chain, we have the demanders: the jewellery trade, which is an activity regulated by the COAF, and in the case of export, the export exchange contract and institutions authorised by the Central Bank.

Therefore, each of these bodies has its own regulations, and we could say here that the Brazilian Mining Agency is the junior partner in this group. The Central Bank is the elder partner, given that it has evolved since 1999. The Brazilian Mining Agency is the junior partner and still has much to do, because it has only recently entered the field of money laundering prevention regulation.

I have brought a retrospective of initiatives that we have been pursuing since 1999, including the participation of the Brazilian Mining Agency, seeking to identify risks and vulnerabilities within this chain and adopt corrective actions. In 2019, we held a

workshop at the COAF, where the topics discussed concerned the aspects of regulation, oversight and the integration of authorities, and we left this *workshop* with an action plan.

Subsequently, we had three actions already concluded from the National Anti-Corruption and Money Laundering Strategy (ENCLA). The ENCLA is an environment managed by the Asset Recovery Department of the Ministry of Justice; annually, several bodies meet to debate themes related to money laundering and the fight against corruption, and each year we have an action plan for the following year. So, this theme has been prioritised for four years and we currently have an action underway, so the theme will probably remain on the ENCLA agenda next year.

I will now go over what has already been identified as actions to be forwarded. I will highlight, for example, the ANM's anti-money laundering regulation, which was concluded as a result of an ENCLA action. Another point: there was a legal question about the first acquisition in 2019 when this topic was dealt with for the first time; a legal analysis was performed, and this question has now been settled. Another point I highlighted there is the improvement of the licensing concession and permission process; this is the object of an ENCLA action this year, 2025. The invoices issued by the institutions authorised to operate by the Central Bank now use electronic invoices. Other actions include expanding the controls imposed on regulated institutions and typologies of atypical operations for communications to the financial intelligence unit in Brazil—another action that has also been undertaken throughout the year.

In the ENCLA action conducted in 2021, a panorama of the entire productive area was created, identifying the main vulnerabilities. A study on traceability, a study on typologies, and regulatory improvement were conducted, in this case specifically for the ANM.

In 2022, we discussed the theme within the National Anti-Corruption and Money Laundering Strategy and supported the ANM in drafting a regulation minute, which is the ANM's anti-money laundering regulation, Resolution ANM 129. It was published, however, its effective implementation has not yet occurred, and there is no oversight. Until now, so to speak, it is a regulation that has not produced the expected effects.

In 2023, we mapped the priority measures adopted by the other participants in the oversight plan. Several actions were also proposed for the Central Bank, the Receita Federal, the COAF, and the Polícia Federal; I have made an excerpt focusing only on the actions directed at the ANM. We have the organisation and purification of cadastral information of holders of mining rights, the evaluation of establishing criteria for the concessions and authorisations or revocation of ownership of mining rights for agents involved in criminal practices, making the register of first acquirers available to the supervisory bodies, reviewing the updating of data maintained by institutions and companies that carry out the first acquisition in the register of first acquirers, and a final proposal addressed to the ANM, which was to assess the possibility of making RAL (*Annual Mining Report*) information available to the other supervisory bodies. And so, we arrive at the action that is currently underway in 2024, which I shall dwell on a little longer.

During the action in 2025, we had a very important initiative from the ANM, which was the publication of Resolution 208, which addressed concerns that had been debated within the ENCLA. I brought here a resolution that sought to provide greater legal certainty and to ward off interpretations that could unduly broaden the legal scope regarding what can be done with the PLG (*Permission to Garimpar*). This ANM regulation reiterated that the licensing directed at natural and legal persons is limited globally to 50 hectares, and for cooperatives, to 1,000 hectares. This was already a theme that had been raised and discussed in the ENCLA action; the ANM's initiative was in agreement and was very well received.

Furthermore, the ANM regulation contains transitional provisions on how to deal with the existing liability of PLGs that do not fit these limits and the requests for new PLGs that also do not fit these limits. The ANM's initiative is important, however, oversight is still necessary to verify the effective existence of activity for those who will be able to exceed this limit, as well as to review the stock of pending requests to deny those that do not fit these limits.

Also being discussed is the introduction of an assessment of reputational and operational aspects, including the background of applicants and labour irregularities for those who apply for ANM licences, identifying who is applying, what they are requesting, where they are requesting it, and how they will carry out what they say they will do. All this must converse with each other, make sense, and have a dimension of concreteness and reality.

With what objective? To hinder access to this important sector of the country's economic development activity by criminal organisations, a topic that was highlighted in one of our opening speeches. Regarding the PLG, as I mentioned, the ANM's initiative was very important and well received, but it is still insufficient.

Another point I will highlight, for example, is preventing unproductive PLGs from remaining. Another proposal that emerged within the ENCLA action was to require brief research in sensitive areas due to proximity to Indigenous land or a history of illegal mining. Another theme that also brought considerable debate within the ENCLA action was the usage guides, which are not concluded yet. These are recommendations for correcting regulatory gaps generated by ANM Resolution No. 37, restoring the exceptional nature of usage regions and the requirement for a prior licence, the recomposition and redefinition of the technical and deliberative competences of the agency's technical staff in the analysis and approval of the usage guide, reviewing the possibility of continued commercialisation, restricting it to cases justified by technical and market tests, and restricting 'super guides' with volumes and substances that exceed the limits set in the regulation, within the regulatory and operational aspects.

We have been discussing all this with colleagues at the ANM, and something that has always been brought up is the lack of resources, as to how to proceed with these reputational regulatory aspects. And what we bring, and what we have sought to demonstrate, is that other agencies have been doing this for a long time. The Central

Bank itself has vast experience in this regard. Are there cases that are litigated? Ah, yes, but the Central Bank's effort is to always succeed when the issues are litigated.

So, what is required? The complete qualification of the applicants—in the case of legal persons, of partners, administrators, agents, and ultimate beneficial owners—precisely to prevent companies from being constituted and the actual ownership being omitted, which allows criminal organisations access to the exploitation of this economic activity.

- The applicant's declaration regarding the existence of inquiries and legal proceedings involving them, in the case of legal persons involving attorneys, agents, partners, administrators, and the beneficiary.
- The applicant's declaration regarding their economic-financial qualification, as well as the origin of the resources to be used, including accounting statements and income tax returns.
- The presentation of a mining plan that demonstrates the operational viability of the enterprise, compatibility of the infrastructure, technical qualification, tax and labour regularity, environmental licensing, and the consent of the managing body of the conservation unit, and granting the ANM authorisation to access information about them, both in public and private databases, making this access available, including for information protected by banking and tax secrecy. This is how other regulators proceed, people.

Well, and then how would a rejection be made? Alteration of the object or elements that serve as the basis for the licence request during the process, non-compliance with deadlines set out in the regulation, non-observance of the regulatory requirements referring to each type of regime, the existence of circumstances that may affect the reputation of the applicant or, in the case of legal persons, the partners, administrators, attorneys, agents, and ultimate beneficial owner, falsehood or omission in the declarations or documents presented, discrepancies between them and the facts ascertained in the ANM's analysis, inconsistencies between the information provided and the research carried out, and the risks of environmental licences.

What I have brought here is to share with you that much has been discussed over time, and we have progressed, we have taken small steps, but these small steps are insufficient because the journey is long. So, we need to quicken the pace, we need to take longer strides, and the COAF, Brazil's financial intelligence community, has been supporting the ANM, both through direct and bilateral relations between the two bodies and also through the National Anti-Corruption and Money Laundering Strategy. We are also here with the intention of collaboration and continuing this productive partnership with the ANM.

Valdemir Fortes Sousa – Deputy Head of Unit, Conduct Oversight Department, Central Bank

I believe that there is already an implicit commitment to integrated and coordinated action arising from this entire movement, which I highlight as gaining particular strength from 2023 onwards, when this issue received greater priority within Brazilian society, mainly with the tragedy involving illegal *garimpo* (artisanal mining) in the Yanomami territories, and consequently, I believe that was an important catalyst.

I will speak now, within this commitment that all of us share to seek to integrate our actions to promote a healthier environment and market system for gold. First, I will outline what the Central Bank has done on its part, but with the awareness that simply doing our part is insufficient; in fact, it is one link in the chain, and this link must integrate with the other actions and aspects that go far beyond the work done by the Central Bank.

Flávia presented a panorama from 2019 to the present; I will be more restricted and present a panorama from 2023 onwards. Well, I think the first thing is to highlight the Central Bank's role in the gold market chain. Our role is to oversee the entities authorised by the Central Bank that have the authorisation to acquire gold as a financial asset. The perspective is oversight aimed at anti-money laundering (AML) prevention, at this point in synergy with Flávia and the COAF, but not only that, also aspects of internal controls, potential oversight, especially social policy requiring social, environmental, and climate risk management, alongside the entities authorised by the Central Bank and money laundering prevention. These are the main aspects.

The first acquisition of gold as a financial asset becomes a concern of the Central Bank from that moment onwards, and in this sense, at the end of 2022, when we drew up the oversight action plans for the 2023 annual oversight plan, there was already a debate about the gold issue. It was already on the radar, and this issue became more pressing with the situation in the Yanomami territories and also with the precautionary measure issued by the Supreme Federal Court, which determined actions for State entities, with the Central Bank on that list, covering regulatory and administrative obligations. The Central Bank decided to implement them, regardless of it being a precautionary measure, let's say, pending a definitive judgement, which only occurred now in 2025.

We have already determined the resulting oversight actions. They had two axes: a regulatory axis and an administrative axis, which were the oversight actions. Therefore, two technical documents were produced, defining the Central Bank's oversight strategy for the Gold Market theme, prioritising the DTVMs (*securities dealers*) that operated in the acquisition of *garimpo* gold, which were 8 at that time; subsequently, one left the market, and of the 7 remaining, 5 are currently making this acquisition. So, the priority was to revisit this.

With the presumption of good faith being removed within the regulatory scope, with just two actions—and I will explain why I say "just"—it was the creation of two subsections, 18 and 19, in Circular Letter 4.001, which is a normative document in the Central Bank that lists situations that may indicate suspicion. These are situations of negotiation of

financial assets that may indicate suspicion; it is not a current plan, it is not an exhaustive list, but it intends to draw the attention of supervised institutions so that special attention is paid to the selection and analysis of suspicious operations in those situations. So, for the gold market, both for the first acquisition and for the gold market in general, 14 situations indicating suspicion were stipulated. The first action was to give this focus, this emphasis, to the gold market issue through Circular Letter 4.001. The second action was Normative Instruction 406, guiding entities regarding the removal of the presumption of good faith, drawing attention to the redesign of internal controls by the institutions, given this issue. It was already clear to us that this would oblige the DTVMs that make the acquisition in particular to carry out this redesign, to revisit the entire regulatory framework, to strengthen the function of the institutions' internal ombudsman, to strengthen controls for risk management, both for AML (Anti-Money Laundering) and social, environmental, and climate risk, and the issue of traceability resulting from this removal.

In 2023, the first action was to require these 8 DTVMs to carry out the entire redesign of their internal control frameworks, considering these regulations, and even the AML regulation. This was the first requirement, which included stipulating the obligation of an internal audit report, certifying the implementation of these internal control corrective measures.

And then, in 2024, we dedicated ourselves to oversight. We had the Department of Oversight of Non-Banking Entities working on the governance and internal controls of these DTVMs, on controls in *compliance*, on the level of *compliance* and information provided, and on the relationship of these entities with their *postos* (purchase points), their agents who acquire gold in the mining region. And, on the part of the Conduct Oversight Department, there was an inspection related to Circular 3978, concerning money laundering prevention.

So, there was a very high priority focus on these points, on the entry point of gold into the financial system. These actions have not yet been concluded; they are still unfolding. And as a result of this, we should close this strategy in December 2025, shouldn't we?

But what we observed, and we are quite confident of this, is that there was a general improvement in the internal controls of the institutions, even leading to an important situation, which was, in 2024, upon examining the relationship of this DTVM with its gold purchase *postos*, with its agents who make the acquisition, we verified very deficient internal controls that did not allow this DTVM to know the financial flow, what they were doing with the DTVM's money. Therefore, the Inspection Director determined, from 2024 onwards, that all DTVMs that acquire *garimpo* gold must make the payment directly to the seller, thus delimiting this responsibility, subtracting this responsibility from the gold purchase *postos*. The payment must be made directly to the gold seller, without passing through the *postos*' accounts. He then required the *postos* to redesign their contracts so that these agents no longer handled the receipt of the money, but rather the service to the seller, arranging the contracts, providing all the service, but the payment no longer passed through the *postos*.

In 2025, what we are verifying—at least we have already finalised the work in four of the five DTVMs that make acquisitions—is that all of them are now making this direct acquisition. So, this point has been an absolute priority in these two years, hasn't it?

And an interesting and thought-provoking result was that the acquisition of raw gold by the DTVMs dropped from a level of 28 tonnes in 2022 to a level of 6 tonnes, 6 tonnes in 2024, and everything indicates that in 2025 we should repeat this performance, that is, the indication is that for the current market conditions, the stabilisation level is around 6 tonnes of gold, and this is entering as a financial asset, with full control, with direct payment to sellers. I imagine the interesting question to ask in an integration forum is: what happened to the other 22 tonnes? It is a question for all of us State agents. We must always be communicating so that this information can circulate and we can know where it might be going, if there are other weak points in the chain that are absorbing this production, or if it is being fully legalised.

I have been a supervisor for 27 years; I have worked with oversight since 1998, and since 2022, with AML oversight, oversight for AML, and well, I lost my innocence a long time ago. So, in this process, we will always be suspicious about why the market dropped so much; it must be going somewhere else, mustn't it? We need to close any open gates because those who want to practice this in this entire market will try to find another way to operate, given the new conditions. It is always like that; it is very dynamic, isn't it? So, this is an important issue to share.

I think it is important to seek these integration mechanisms to be able to address these issues. I think Flávia raised this issue of the ENCLA here, which the Central Bank also participates in, which is an important forum for discussion, and we have been discussing this subject for four or five years now. But I also think it's important, and here I respond positively to the Brazilian Mining Agency's initiative: the ENCLA Forum is a strategic forum, isn't it? Soon, this subject will be exhausted, and we will need to continue dealing with this subject from the tactical aspect. So, once it is well-designed, we will have to move into operational issues, information exchange, sharing, mainly the formation of a culture for money laundering prevention, which is the subject that concerns me the most, it is where I work, isn't it? The formation of this culture among all State agents and their supervised entities.

I say this because it is my oversight experience. AML has a specific characteristic, the prevention of the use of entities for illicit activities; it has a somewhat ungrateful aspect, hasn't it? It is not very material for the supervised entity; that is, you cannot tell them how much they earn when they are preventing the use of their services and working within the law. The tendency is to control costs at this point. There must be continuous oversight and inspection to form this culture, so that the supervised entity perceives the importance of this subject, and that it is not worth avoiding action on this subject; this is only achieved through oversight and integration work. So, these points, the reputational issue, are also very important. You, already at the entry point of the agent you supervise, mitigate the risk of the business being controlled by agents with a poor reputation or who will use it for these ends. I would like to conclude by saying that the Central Bank is

committed to working jointly with all the bodies present here and coordinated by the ANM in this strategy to improve the gold market environment as a whole.

Erich Adam Moreira Lima – Federal Criminal Expert, Polícia Federal

I have a background of having worked for five years in the Amazon, primarily on mining crises, in the state of Pará, as well as in Tocantins and Maranhão. After 5 years in the northern region, I also worked in the Directorate of Investigation and Combating Organised Crime, advising the Director between 2019 and 2023. At the time, crimes associated with mining were somewhat of a 'cinderella' issue within the Polícia Federal; genuinely, it was not a priority. The focus was always on actions to combat drugs, cybercrimes, and so forth; the environmental side was not such a priority. This has recently changed with the Directorate for the Amazon and the Environment, which has, in fact, enabled an improvement in the structure of the environmental police stations.

I will now bring up a concept that the media loves: 'Narco-Garimpo'. The media has really embraced this term. And, in any case, I do not see it in such a negative light, because it brings public interest to this subject, especially regarding money laundering. Speaking of laundering here, in Action 3/2021, I was able to assist the colleague who coordinated the action, our colleague Antônio Jean, in the money laundering prevention division. We had to carry out a study of inquiries, taking reports that colleagues had already done, and studying the typology of laundering, which had never been scrutinised before. Many inquiries are complex, above all. And this, in fact, showed that the situation in the illegal garimpo area is very dynamic. And the discussion, within what we perceived in that COAF workshop, was where the 'Target Gold' (Ouro Alvo) originates.

The discussion that was presented was about the traceability of gold, whether it was possible or not. In my training as a geologist, at the time, I had little experience with this traceability theme; there, I began to understand a little more, researching what was actually being done worldwide, and indeed, this is a global deficiency in this scientific area. This work is very interesting in showing the flow of traceability, not only the important documentary traceability but also the geological traceability of gold.

This is just a highlight, it is small, but these are the seizures by the Polícia Federal: fauna, timber, gold, jewellery, ore, during the pre-pandemic, during the pandemic, and post-pandemic periods. Everything that is jewellery, gold, or ore is shown in green. The others are in orange and blue, respectively. We can see that the others have remained stable. We had an explosion in this theme, especially regarding gold, due to an appreciation of the metal's value. Before the pandemic, we were considering earning about R\$200 less, today it is over R\$600, and this greatly attracted the issue of illegal *garimpo*. Another small graph, but it shows the specific gold seizures, doesn't it? As the previous one was a more general issue of seizures, since the creation of the Target Gold programme, we have had over one and a half tonnes of gold, which I consider little. A study by the Escolhas Institute says that 47% of national production is illegal. And if we consider an average production of 100 tonnes, that means 50 tonnes a year are illegal, and we have

certainly had a victory in terms of seizures and confiscations, but this is still a path of evolution.

Regarding the Polícia Federal's background on this topic, we had a previous project on diamond traceability. Here, we also address the laundering aspect. The FATF itself is very concerned with this theme of diamonds, especially with laundering, issuing manuals. And we began to study and understand the flows, especially with blood diamonds from Africa at the time, which also reached Brazil, and diamonds in Roosevelt, in the state of Rondônia, which we began to map and trace the origin of this mineral class, so to speak.

As I had mentioned, the Target Gold programme is not a creation of the Polícia Federal, nor is it a Brazilian creation; we are only using existing scientific protocols. It is not something created by Brazil; it is the scientific evolution of the natural thing, which is science. It was started by Roger Dixon, in South Africa, in 2007. He was a police officer and a professor at the University of Pretoria, but he was, let's say, the one who started this idea of traceability. Subsequently, in 2008/09, there was work by the Geological Survey of Germany in the Democratic Republic of Congo. And why the Democratic Republic of Congo? There is a United States law called the Dodd-Frank Act, which requires all State companies on the American Stock Exchange that use conflict minerals—gold, tungsten, tin, and tantalum, all minerals that have a specific composition—the Big Techs, for example, need to declare the origin of these conflict minerals. This is curious because the Polícia Federal also started using this in its analyses. This is open data; if you search for 'Apple' or 'Google', it will appear in the final report where these four minerals, mainly, are coming from. The French Geological Survey in 2019, within a WWF France project, and finally, together with the annual goal, a project by Professor Bárbara Beck, who developed a flow very similar to what we are developing here in Brazil, with techniques, uses, and even equipment that we are also using, but with gold samples in the Peru region. The difference is that we here have access to both legal mines and illegal *garimpos*, and in a way, we can bring together all types of samples that other projects often cannot.

They are all our partners; I cannot mention them one by one, but it is important to highlight Interpol here. We are currently part of an Interpol project called Gaia. It is a project of the German Ministry of the Environment, together with Interpol, the WWF, Universities, the Geological Survey of Brazil, and more recently, Harvard University. We are finalising a protocol with the Harvard Museum of Mineralogy and Geology, which has almost two thousand reference samples from all over the world; it is an older museum than Brazil. There are 400,000 mineral species, among which are two thousand gold samples. We have been doing this work with Harvard now. To express my gratitude, I mention some of the partners here: IBRAM, Sirius, the Central Bank too; we have a project with the Central Bank Museum, which also has various gold samples, the WWF. Within the GAIA project, I highlight that two years ago, we hosted the President of Interpol here in Brasília. At the time, our Vice President for the Americas, Urquiza, today the Secretary General of the Brazilian Interpol, has given great support to our work, especially in the regional situation. We have been carrying out work, mainly with countries like Colombia, French Guiana, and now we have a team in Panama. All this is trying to bring the idea of stability to its essence.

We have an issue associated with the analysis of these questioned materials, seized by the Polícia Federal; they are conditioned within a custody centre, within a legal process, these samples are analysed, as well as the donated samples. Recently, one of our teams conducted a joint campaign with the University of Brasília, within an academic research project, from which reference samples, samples used in this study, were donated. And all these samples, for example, from a legal mining company in the Amapá region, we will condition using them as a reference activity. Here is the structure that the Polícia Federal presents every time we launch our annual report, a very good support; we have this backing.

To be more specific, it was the Yanomami territories. In 2023, during ADPF 709, we were able to go to the Yanomami area twice. Our mapping focus is the Amazon basin. This entire red polygon, specifically, covers the areas we are currently focusing on. And you have a miscellany of data on PLGs (*Permission to Garimpar*), mining concessions, as well as illegal *garimpos* in Indigenous lands. The Yanomami area was cited earlier. In 2023, we had enormous social pressure; at the time, there was a report that shocked Brazil: Yanomami children in a deplorable state. This was brought to the Ministry of Justice, which called on us for two types of action. One, first, to monitor the gold, which was very illegal for Yanomami, and second, the trauma of mercury in these populations.

Another recent work, within a declaration of intent signed between Brazil, President Lula, and President Macron, a declaration of intent focused on combating *garimpo*, involved a team of ours, together with the Geological Survey of Brazil, going to French Guiana. There is a curious factor that these criminal organisations that work with *garimpo* generally do not stop working with *garimpo*, and there was this operation in the Yanomami territories, the liberation operation. Many of those 30,000 *garimpeiros* who were there left for other illegal *garimpos*, a large part to French Guiana. It is a very serious problem there; French police officers have been assassinated. Nevertheless, this work of collecting reference samples was carried out because the French already do this traceability work, and our job is to combine efforts with the French in a joint protocol.

That is a little more of the technical and scientific part. Everything else is a protocol that we have been developing together with universities, the Geological Survey of Brazil. These are pieces of equipment that we are purchasing. I highlight here the Amazon Fund; we had a large purchase from the Amazon Fund; it was genuinely a very important matter, a game changer within the AMAS plan, a truly structuring project, where the Amazon Fund is allocating money to the Polícia Federal, the Polícia Rodoviária Federal, and within AMAS, we have the axis focused on Target Gold. We are purchasing high-level technological equipment that will truly bring serenity and an increase in response capacity. Today, everything is genuinely very complicated; we depend on an analysis from a university, and with this autonomy, we will be able to generate much higher output.

Laser systems are something that allows us to analyse, I would say, the geochemical signature of gold, above all, what will differentiate one from the other. With this type of equipment that we will use, with the laser, we do not destroy much of the sample; it is very little, and it is very fast. We do not need to wait for a modification with acid, which

takes time, and this rapid method provides a very robust result. Here are the electron microscopes, one for scanning and one for transmission. It is very satisfying because you see the money well spent and helping to resolve crimes. Here is the type of product we generate, primarily the understanding of gold compositions, isotopic parts, what is possible to differentiate as a dark theme, for example, between a bar from one location and one from another. Here is another issue, which is a microtomograph so you can look inside a nugget, for example, without destroying it.

More recently, the end of the presumption of good faith was discussed here, the joint vote of ADI 7273 and 7345, on the end of the presumption of good faith, Minister Gilmar Mendes' vote. I know several bodies helped with this vote, but our small sector there helped with the Minister's vote; he cited the passage that we provided in the text, highlighting traceability, which I think is the theme of this event. And I understand, above all, that the Judiciary already has this understanding of importance, the Executive also, and now I understand that the Legislature also needs to value this agenda, because these days I searched the Chamber and Senate websites, and there are more than 15 Bills of Law that deal with Mercury and Gold; none of them reach a final point where they stand. It always remains on that generalised political agenda of Congress, and we are seeing a very serious problem there.

In any case, there was much discussion about the issue of statistics, wasn't there? As the World Gold Council is organising the event today, if we consider the official statistics, Brazil has fallen in production and Peru has risen there with its production, and this from one year to the next. Peru, if I am not mistaken, entered the top 7, the top 6, and Brazil only entered the top 10. Anyway, I think it must be because Peru started producing more gold than Brazil. However, we started seeing a lot of gold going to Venezuela, flows that were monitored in one way until then with the DTVMs, now with this new flow, I think the agencies, the enforcement bodies, have to start changing their strategy to try to have a more effective action, because the flow is no longer Guarulhos airport, and we are genuinely talking about very high values.

The academic part, just to highlight the partnership we have with the UNB, we have been producing articles, we have a gold-bearing profile bank, which is where the questioned samples enter. A Yanomami article was produced from what we did there twice in 2023. We collected samples from six locations, and within these locations, each has its geochemical signature; an article was produced, and we managed to separate the gold populations of this region according to their signatures. Here is another project, 'Fred Mercury', a project that we are developing with the University of Brasília and with Coluse University. In fact, today I will leave an article on the environmental monitoring of Mercury in Yanomami. It is a very interesting work to be able to monitor what is happening in Yanomami and use this as evidence in criminal prosecution. Here is Target Gold, the QR code. It actually contains all the details of what the Polícia Federal is doing in this project. There is much more than I mentioned here because time is very short. But the idea is to bring the debate and show that yes, the agencies can also help in this debate on stability.

Fernando Drummond – Superintendent of Oversight, ANM

I call it a dilemma, because even though several legal and judicial initiatives have occurred, including within the STF itself, I will present data regarding the ANM that may be uncomfortable. Following the point raised by the Central Bank colleague, there is now what would be the 'dark figure' of crime, isn't there? This is the kind of problem I consider important to reflect upon. It is no use having legal or judicial initiatives if we do not channel efforts into effective oversight.

I begin by inviting everyone to reflect on why gold is a stable asset, isn't it? So sought after, so coveted, isn't it? In truth, humanity has chosen gold as a financial asset; there is no going back on that. Therefore, it is a supra-government asset; it is beyond any currency, it does not depend on any bank, it has durability, broad recognition worldwide, and of course, in times of crisis and instability, it returns to offering that protection against inflation. So, at this moment, we face this crisis where, while gold only increases in value, we face an almost credibility crisis. We must provide a response, be it to the Gold Forum; we must refine our deterrent instruments, and indicate that this gold, originating from crime, that avoids money laundering and everything else—well, this graph here really shows our challenge, because in addition to gold having doubled in value, it has changed over the last two years. In Brazilian real, it has more than doubled; the increase was almost 130%, considering the real-to-dollar exchange rate. So, we look at this challenge of now facing this great attractiveness, even for gold, for the informal market.

In retrospect, in 2023, the Receita Federal implemented the electronic invoice, which directly affected this purchase and resale in the financial market, especially by the DTVMs. And also since 2023, with the interim injunction from Gilmar Mendes, and now unanimously judged by the Plenary, the extinction of the presumption of good faith in 2025—this is the background we have established. Now I will present data from the CFEM Observatory, which is a public system that, unfortunately, few people are aware of. The value of gold on the international market doubled, so why is our CFEM practically stable? Of course, the year 2025 has not yet been consolidated, but we expect it to be, considering that the collections were for August and September. So, the picture is that at the same time we are attracting legitimate investors, it also seems to increasingly intensify and attract this appeal to illegal activities. I have chosen these last five years. Even more shocking now is to realise that the mining processes, which are reported to the CFEM today, have also fallen. It is uncomfortable to perceive that the legitimate measures that have been adopted, aimed at prohibiting illegal activity, are, in our view, increasingly encouraging gold to enter the parallel market, which is happening and is being combated, of course, by the ANM and other entities, but it truly leaves us uncomfortable.

And now this other graph, which is even more serious, even more striking, is the realisation that the CFEM collection numbers have practically reduced by about 75%. Some people do not know this, but a large part of these collections were made by the DTVMs themselves as first purchasers, so we carried out an action in 2021 where they accounted for almost 20% of the collections. Now in 2025, it does not even reach that. Thus, with the effect of these measures adopted, these legal measures, we realise that

laundering is genuinely being challenged, but perhaps there has been an incentive to illegality, to the informal market. So, we perceive a risk issue regarding the illegal market situation.

I also mentioned this Resolution 208, which is very recent. We cannot measure its effects, and of course, I also believe that the ANM has sometimes done this almost pushed by the TCU and the CGU, but this is the problem: we restricted these areas to just one title per natural person, per cooperative, but we did not create any incentives for the regularisation of areas. So, as side effects, I mentioned here constrained legality and unfortunately stimulated illegality. Gold will always have this high value, won't it? Today, it has exceeded \$3,800 per ounce, so our dilemma is that we may be losing some of the war, at least part of it, to crime. Illegal *garimpo* is a reality, with the environmental discussion, contamination, social illegality, and conflict.

It is important to highlight the Legislature's inertia in regulating mining in Indigenous lands, which in our view favours illegal *garimpo*. Who benefits from the absence, the lack of State presence in these Indigenous lands? It is high time we discuss this because the communities themselves are often interested in making this activity viable. So, we associate this with oversight. Otherwise, the law, or changes to the law, or the rulings are dead letters.

The paths we outline for oversight as a solution involve technology and oversight intelligence, instruments such as satellite imagery, remote sensing, algorithms, sometimes taking advantage of available AI tools, to detect inconsistencies, be it in the mining report or in these CFEM collection declarations. Mandatory traceability will also one day be the order of the day: a directed ANM action in these idle areas, suspicious operations. We are calling on delinquent titleholders in RAL. We are going to call on those who declare zero RAL throughout the Legal Amazon. We are also all being urged by the TCU. We are doing work to try to understand this universe, aren't we? These multiple licences that have been granted in recent years in the Legal Amazon.

Institutional partnerships are fundamental, with the Polícia Federal, the Public Prosecutor's Office, IBAMA, these state bodies. This management of resources, which is notoriously scarce for the ANM, I saw in an article today, precisely about this investment that the police have made in recent months or years, more than R\$50 million in families. I wish the ANM had that attention from the federal government.

A flag that we raise is the actual allocation of the CFEM to oversight. More than the CFEM, perhaps a specific mining oversight fund seems relevant because the ANM promotes auctions of seized assets, but this resource is eventually reverted not to the ANM but to funding agreements with universities. So, this is the coexisting reality: without oversight, illegal gold will continue to circulate in Brazil and across its borders. Normative measures without oversight only displace the problem, which is our first criticism here, and the fight against illegal *garimpo* depends on presence, intelligence, and coordinated action among all entities. State oversight of the illegal origin of gold is not an illustrative luxury. It is a strategic necessity for the credibility of our financial world, for environmental protection, and for combating organised crime. Gold will remain valuable.

The question is, can we guarantee that the gold circulating in our country has a lawful origin? The answer is in our hands and necessarily involves oversight.

Moderator: Júlio César Nery Ferreira, Director of Mining Affairs, Brazilian Mining Institute (IBRAM)

Who benefits from this lack of resources for oversight? The ANM has a legal allocation of 7% of CFEM revenue. Last year, that amounted to over R\$400 million, almost R\$500 million, out of R\$7.5 billion in CFEM, which should have been allocated to the federal agency, and yet it ****receives less than R\$100 million****. And the federal agency today, based on what Dr. Mauro said in a presentation—and this struck me greatly—he was asked if the ANM was on strike at the time, because there was this news on G1, and he said, "Look, I live in a permanent state of strike, because when you go on strike, the Labour Court requires you to keep 30% of your workforce operating." And the federal agency operates with 30% of the workforce stipulated in the federal agency's establishing law. The government cannot confer these numbers anymore, so it currently operates with around 700 employees, having just received 200 now, which is very good. And we must be very grateful to the Ministry for providing these 200 additional employees to the federal agency. It does not complete the staff complement, but it is already a substantial help.

Just as the Public Civil Action was a substantial help, equipping the dams area with the inspectors it needed to operate. This allows for excellent work regarding dams. Today, we have regulation that compares with the best in the world in terms of dams. For six years, we have not had any significant events with mining dams; that is a very strong number, because the global reality—I am not talking about disasters, I am talking about events, which can be small things too—globally, you have one every two years. In Brazil, we are currently at six years, aren't we?

This is something that shows the federal agency has valuable professionals who can develop significantly and perform excellent work, as they already do in various areas. And just from what we see them doing, working without the necessary resources, both human and financial and equipment, we can already see that they have worked well overall and compensated greatly for this lack of resources. But it is up to us—I say us as society as a whole—to bring this need to the fore, always reinforcing the support we give to having a strong federal agency.

There will be no strong mining sector in Brazil without a strong federal agency. This is not even utopia; it is complete dystopia. It will not exist until the federal agency is strong, as it needs to be; we will not have a strong mining sector. We have enormous potential for geological exploitation. We have huge difficulties even doing this in terms of the time it takes for environmental licensing, the questioning of environmental licensing that occurs, the decision on legal certainty to be able to operate. You obtain a licence only to have it challenged in court, resulting in a suspension, and within the timeframes of mining, with the capital needs of mining, receiving a licence suspension for a company that does not yet have revenue is a very serious situation. The help must put money into

the market, and today, interest rates are high worldwide. It is not a matter of discussing here whether they are high or low for whatever reason, but for a company that needs money, it is very complicated.

So, yes, we need to have this availability of resources, and the resource provided for by law should be allocated to the federal agency, as should it be allocated to CETEM (*Mineral Technology Centre*), which is our EMBRAPA of mining. We once had several mineral technology centres operating in Brazil, in Minas Gerais and other states, and today, we have, let's say, remnants of those places, which almost all states had. We have CETEM, we have the IPT in São Paulo, we have one in Bahia, but they are very few. Minas Gerais does not have one, so today we do not have the importance for mineral research that we once had. If you take the great mining professionals my age or close to it, a good part of them come from CETEC, there in Minas Gerais. If you look at the area of explosives, the area of mineral processing, a good part of the professionals came out of the IPT in São Paulo. CETEM also contributes in this regard. They carried out enormous work on geology, on waste, on influence, on everything. So, we also need to greatly reinforce research, but mainly reinforce the urgency of oversight.

We will not be able to curb illegalities. We see many people complaining; there is CFEM evasion, and collection could be doubled—the TCU report says this. But give the resource to the federal agency and deploy inspectors—with four people, you cannot oversee all of Brazil. No one wants one inspector per company. I have learned enough statistics to know that oversight is done with a practical approach. But 4 inspectors for 20, 30 thousand companies is also very little. So, I think these are things we have to say; it is not a very positive word for the end of the presentation, but it is something we always need to remember and always need to work on so that the federal agency can be the recipient of these resources that it has a legal right to. It is not a plea; it is a legal right. And Brazil has a habit that some laws are lost, and some are not. I am more rigid in this sense; a law, to me, must be obeyed. If it is not good, then change it. The National Congress changes laws, not companies, not other institutions, but if the law exists, it should be complied with; it must be complied with. And we, therefore, need to work and always be encouraging, reminding, and doing what is possible so that this allocation of taxes is made and that we have a strong federal agency as we need in the mining sector.