

Panel 6 – International Cooperation Against Organised Crime and Illicit Flows

Moderator – Frederico Bredan – President of the Mining Rights Commission, OAB

I am delighted with the knowledge and the results we are achieving, and I want to emphasise that this conjunction of efforts is not only taking place nationally, where the Casa da Moeda, COAF, PF, ANM, MMA, and many others have united. But I would also like to highlight the role of international organisations, such as the World Gold Council itself, the IGF, and the United Nations. This coalition alone clearly demonstrates that we are indeed discussing transnational challenges, whether it be the issue of the Lula route itself, or the matter of environmental crimes, and this reinforces the theme of this panel, which is about discussing these international crimes and how the whole environmental issue fits into this context.

I would like to extend a special thanks for the participation of the Polícia Federal in this panel; Humberto has been extremely relevant, as has the partnership between the agencies. I would also say that at the moment the Casa da Moeda and the ANM reaffirm an ACT (*Acordo de Cooperação Técnica*) such as this, I believe the Polícia Federal stands alongside these agencies in this effort, not least because of all the work being done in the Ouro Alvo (*Target Gold*) initiative. And since a kind of pilot, an experiment, is going to be carried out, why not also incorporate the XRF into this pilot?

I would like to start with the representative of the World Gold Council. Could you tell us the Council's view regarding these international aspects and what is still needed for this international coalition of various entities to achieve the desired process of global traceability?

Andrew Naylor – Director of Public Policy, World Gold Council

We talk a lot about the '*upstream*' (*águas acima*), the risks and challenges associated with illegal mining and informal mining that adopts standards that are perhaps less robust than we would like. But this panel is important because it deals with international cooperation and law enforcement. And what I want to do to begin is just to distil and remind ourselves of gold's unique vulnerabilities. There are a few particular points that truly present a challenge to law enforcement.

As we have heard, informal mining and ASGM, which accounts for 20% of production, has grown significantly. If you look at the number from 20 years ago, it was 5%. But in mining, with the increase in prices, this has made resources and reserves more economically viable, not only for large mining organisations but also for smaller miners. This is a huge challenge.

But gold is also fungible; it can be melted down, and when you melt it down, you erase its provenance history, its trading history; it assumes a new identity, so to speak. It is highly valuable, as we have said, which makes it attractive as a store of value, and that is gold's primary role. 60% of gold demand is investment, whether that be commercial investment, which is around 40%, or 20%, which is the use of gold by central banks as a reserve asset. Because it is a valuable asset, it is a hedge against inflation, it is a mitigant against risk, it can protect against currency volatility and all kinds of other financial reasons that are perfectly legitimate, but unfortunately, this also means it is attractive for illicit activity. A gold bar the size of an iPhone costs, at current prices, \$120,000. You could put at least seven of those in a suitcase, placing it in the overhead locker of an aircraft. That is a lot of money you can transport in a very small compartment.

It is a universal currency; it is sold, it is priced in US dollars internationally, and it is easily sold. You can sell it based in Dubai, in the Middle East, in Thailand's Chinatown, and in gold markets around the world. It is a universally accepted currency, often priced and frequently sold in US dollars.

And compounding this risk is the fact that it is a very cash-intensive market, and there are perfectly legitimate reasons for the use of cash. Gold is a tool of financial inclusion for many who do not have access to the formal banking system. Retail, which accounts for a third of gold demand, is also very cash-intensive because the margins are incredibly low. Often, credit card fees and bank charges completely wipe out those margins. So, there are legitimate reasons for the use of cash, but this presents another challenge.

But the two reasons I wanted to highlight that present the greatest challenge, or the bulk of the challenge, for international law enforcement are the fungibility of gold. This presents a technical challenge for all the things we have been talking about with traceability, about origin verification. Unless you have—because the gold supply chain is international—unless you have international consistency with respect to the documentary requirements for gold, interoperability of traceability mechanisms, interoperability of gold authentication systems, the type of security features that are applied by refiners, unless that is internationally consistent and interoperable. When gold is transformed and melted down, that chain of transparency is broken, and that presents a real need for international cooperation and its portability. If you can easily carry gold in your hand, you can easily smuggle it, unfortunately, rendering all the documents and documentary requirements we are talking about somewhat obsolete.

So, one of the risks we are discussing—we have been focusing heavily on the *upstream*. My perspective is more from the *downstream*. This is perhaps a reflection of where I am based—the US, which is a major gold importer. I was looking at the statistics, and the US, I believe, is the fifth-largest importer of Brazilian gold, according to official statistics. Much of the gold that enters that market is unreported from around the world. So, it is fair to say that the number is likely much higher, and much of that, unfortunately, will be informal and of questionable origins.

But the *upstream* and the *downstream* are approached by different legislative frameworks, sometimes different elements of law enforcement. Those *upstream* issues

and typologies are often dealt with through responsible production standards, mining codes, the NMARC convention, and other frameworks. But the *downstream*, and the responsible sourcing rules, but the *downstream* is governed through a different lens, primarily through an Anti-Money Laundering (AML) lens. So, the DPMS sector (*Dealers in Precious Metals and Stones*), which are refiners, jewellers, gold traders, and gold retailers, they are often, in most markets, governed only by an Anti-Money Laundering perspective.

So, if you look at the responsible sourcing rules, they apply to refiners. They are often, in many markets, voluntary and applicable only to accredited refiners. You have a parallel market that does not always have to adhere to those rules. And in some markets, some of the OECD *due diligence* guidelines are the first three steps, which are about a robust company management system, a risk mitigation system, and a risk identification system. Those first three steps of the OECD *due diligence* guidance, which underpin responsible sourcing rules globally—and Edward mentioned some different industry initiatives that seek to operationalise that—they often do not apply back to *traders* and certainly not to other *downstream* participants.

But the risks in the *upstream* and *downstream* are very different.

- The *upstream*, from a criminal perspective, is about criminal organisations taking a commercial interest in production to launder the proceeds of illegal or other illicit activities. It is about criminal groups taking a commercial interest in production to fund operations, or in some countries around the world, particularly in Africa, to fund the acquisition of weapons, terrorist financing, and proliferation financing.
- The *downstream*, however, is a little different. You have issues around smuggling, about the use of gold to conceal wealth from law enforcement. You have issues around gold being used for money laundering purposes, the asset itself being used for money laundering purposes. And you have all kinds of iterations of that trade-based money laundering, where you try to transfer value between illicit counterparties through over-invoicing or under-invoicing and can exploit the opacity of the gold market, but also of gold. It is very difficult for law enforcement to quickly verify not only the provenance or origin of the gold or the Australian history, but also things like its purity.

This makes it very easy to over-invoice or under-invoice the transfer value between illicit counterparties using gold, and this is because the DPMS sector, the *downstream* gold market, is primarily governed by an AML perspective. This leads to a limitation because AML is often about *due diligence* not on who produced the asset class, but on who is selling the gold to you or who is buying the gold from you, or how the cash layer is structured. And that is a gap, and it is a gap, and this is not specific to Brazil, it is global; this is just the global AML regime.

This can be addressed through updates and by adding to the red flag indicators that are applied to the DPMS sector, which currently only deal with *due diligence* on that funds side and on the cash rate, but not the trading history or the production history or the processing history of the gold itself. And I reiterate, it is not the gold that is the mystic, it

is the counterparties or entities or individuals, sometimes, that engage in its production, its processing, and its trading.

So, we have developed an extra set of red flags that we are advocating for national AML authorities and potentially international organisations like the Financial Action Task Force (GAFI) to include in their advisories, because this will inform supervisors globally about some of these other *red flags* that are specific to gold and can perhaps identify or help identify when the gold has been produced illegitimately or illicitly.

I will not read through all of these; these *slides* will be shared after the *workshop*, a couple that I would highlight, particularly from an international operation perspective, which is what this panel is about.

- Customs, Customs treatment of gold: The documents that are required, things like certificates of origin, vary widely between countries. In some countries, no documentation is required. Some markets require a certificate of origin, but that certificate of origin may just be a pro forma or a tax invoice with the origin written on it. It can be easily manipulated. Others require a certified or attested certificate of origin. Therefore, there is no consistency in terms of the requirement, and there is no consistency in terms of being able to verify the document that accompanies the shipment. The red flag would be, if you are in the DPMS sector, if you are a gold *trader*, you are buying gold, and it does not have a certificate of origin, that should be a *red flag*. That *red flag* does not mean you should not buy it. It means you should apply your *due diligence* and potentially report it as a suspicious transaction to law enforcement.
- Lacunas no Fornecimento Responsável: Responsible sourcing is not mandatory in most countries. They are not, as I said, integrated into the AML frameworks. They frequently only apply to accredited refiners.

One would be that the *downstream* market is often integrated into the financial intelligence units through the institution investigating a suspicious transaction. The DPMS sector should be integrated into that. And those suspicious transactions should not just be about how the cash level of the transaction is structured, but also how the gold leg of a transaction is structured as well.

The gold market is incredibly complex. It is not a linear structure. It is a circular structure. It is a supply chain where gold is never fully consumed. It is the ultimate recyclable asset because of its vulnerability, but that presents a regulatory challenge. The supply chain is also highly international. We cannot just look at this from a national regulatory regime perspective.

That is the particular issue on the recycling side of the gold supply chain, where the GGG standards and requirements are different. And recycling is often how illicit ASGM gold enters the supply chain. There are cases of rudimentary jewellery being manufactured from ASGM to mask its origins and remove traces of mercury.

Finally, we have also developed a set of recommendations to improve global gold integrity. I have selected the recommendations that I think are most relevant to this panel

on international law enforcement cooperation. I know I am pressing the timer, so I will just highlight three rather than going through all of them. I will go through these three recommendations.

1. Licensing of the DPMS sets: Implementing a licensing regime for gold purchasers, commercial purchasers (jewellers, wholesalers, *bullion dealers*) gives more tools to regulators and to law enforcement. In many markets, they are not licenced. A licensing regime allows for a risk-based approach (example of Singapore). We need to find the right balance between regulation and business facilitation.
2. Attested Gold: I mentioned the need for an attested certificate of origin. This already works. Brazil and the US have a strong trading relationship, and the certificate has to be attested by the Brazil-Arab Chamber of Commerce for other commodities. The system already exists, but it is not applied to gold. It would help to distinguish and discriminate between the legitimate and the illegitimate certificates of origin.
3. Hand carry also: The transportation of gold is an important part of the market. Perhaps there should be personal limits depending on the form of the gold, jewellery, or bars and coins. But there needs to be international consistency. If international *bullion trading centres* do not work together and in harmony, gold will simply move elsewhere with less robust regulatory regimes.

For the OSA (*Organização dos Estados Americanos*), I would highlight information sharing. Law enforcement often knows who the associates of criminal groups are. Therefore, there needs to be a greater mechanism for information sharing between law enforcement agencies internationally, and also between law enforcement and the industry itself.

The financial intelligence units (UIFs), I think, should play a greater role in the oversight of transactions and the gold leg of a transaction. They also can play a role in information sharing across borders. The ECMO group will share information on money laundering and suspicious cash transactions. We are developing a gold bar integrity system with the LDMA that may integrate with the Edmont website (mechanism for the FIUs to share information).

We are working closely with G7 and G20 partners to get high-level support for the solution: an origin verification system, centralised clean processing hubs, and responsible purchasing. We really feel that this is a mechanism that can be expanded, that can grow, and can really help in a practical way to drive formalisation.

Mariana Carrera – Coordinator of the Aurum Project, UNODC

I am not sure how much you know about the UNODC mandate, but the United Nations Office on Drugs and Crime is a part of the United Nations secretariat that deals specifically with drugs and crime topics. The convention that guides the work of the office the most is the UNTOC Convention, the United Nations Convention Against Transnational Organised Crime.

We are headquartered in Vienna, Austria, and the UNODC has been operating here in Brazil since 1991, with three offices in Brasília, Santarém, and Manaus.

We work within three main pillars: 1) Normative work (implementation of treaties). 2) Research and analysis (production of evidence-based public policies). 3) Technical assistance (where we have the most ongoing projects).

Within UNTOC, there is a current discussion (strongly pushed by Brazil) to add a protocol specifically for organised crime linked to environmental crimes (the Palermo Convention protocol). The CCPCJ approved a resolution in 2025 dealing with crimes that affect the environment and specifically talking about illegal mining. The resolution recommends recognising these crimes as a serious nature crime and that transnational criminal organisations use this activity.

Our *Research and Analysis Branch* (RAB) publishes reports and data, including on mining crimes, analysing the dynamics involving transnational organised crime at regional levels. Speaking of Brazil specifically, we have about 17 projects here, five of which are in the area of crimes that affect the environment.

The Aurum – Prevention of Illegal Gold Mining in the Amazon project aims to strengthen public institutions against illegal mining, mercury trafficking, and transnational organised crime. It has five main pillars:

1. Increase understanding of information and produce data on the involvement of organised crime with illegal mining.
2. Inter-institutional cooperation: Working group with 12 Brazilian public institutions (ANM, PF, PRF, etc.) for joint action.
3. Training.
4. Regional cooperation: Exchange programmes with Amazonian countries (Peru, Colombia, Ecuador) for joint activities.
5. Increase the traceability of gold and mercury, working with the Ouro Alvo colleagues.

The cooperation regional is essential for us to be able to cope, as our neighbouring countries suffer from the same problem, and there is a lot of exchange and good practices.

Humberto Freire de Barros – Director of Amazon and Environment, Polícia Federal

We do not demonise mining; it must occur within constitutional, legal, technical, and sustainability parameters. The size of Brazil is a challenge, with 16.8 thousand kilometres of land borders; just our border with Bolivia (3.4 thousand km) is larger than the US-Mexico border.

The deforestation rate (much of it generated by illegal gold mining) had its worst moments from 2019 to 2022. Illegal gold mining kills, by poisoning and cruelty, primarily affecting the workers. The financier is far away.

The entry of organised crime is driven by the cruel binomial: great profitability and very low penalties globally for environmental crime. Organised crime is attracted by high investments, shared logistics (drugs, weapons, gold, human trafficking), and connected crimes like falsidade documental and money laundering.

A Directorate was created in the Polícia Federal (PF) in 2023 to combat these crimes and to coordinate public security as a whole in the Amazon (Decree 11.348). This led to the AMAS Plan (*Amazonas, Security and Sovereignty*), focusing on governance and integration with the states.

The CCPI Amazônia (Centro de Cooperação Policial Internacional) is the tactical-operational sphere, sharing techniques, doctrines, intelligence, and evidence, and agreeing on joint operations. The CCPI involves all PAN Amazon countries and is coordinated by the PF, aiming to reach all countries via Interpol, Europol, and Ameripol to reduce the demand and supply of the illegal product.

Ouro Alvo is a vector of international cooperation, allowing the creation of a gold library (*ouroteca*) for situational awareness of illegal gold extraction.

Financial investigation is fundamental. We need to reach the upper echelon—those who finance it—to break this financial power. We are raising funds for a new Academy for Financial Investigations of Environmental Crimes in Belém.

Combating organised environmental crime is an effective strategy for climate fields. These agendas are not separate, and this will be reiterated at COP30. If we do our homework, it works: alerts for illegal *garimpo* in Yanomami reduced by 98%. Our goal is to have the lowest deforestation rate in history by 2026. Illegal mining kills people, and we are saving these people when we combat illegal mining.

Jorge B. Pontes – Consultant in Compliance and Security

Criminality in Brazil is an epidemic that infiltrates businesses. 38% of national gold production (2015-2020) has strong evidence of illegality—the narco-mining case.

Point 1: State Capture. The gold situation is replicated in other products (fuels, civil construction). The deliberate deregulation of a sector is an invitation for criminal organisations. They make the transposition (*passagem*) from criminal activity to licit activity, bringing their criminal methods. The first step to capture the State is the financing of political campaigns for the legislative bodies, strengthening caucuses that impede laws and influence the Judiciary.

Point 2: Anti-Crime *by Design*. In the face of an epidemic of criminality (which the President of the Supreme Court confirms), every public policy must be analysed for its impact on criminality. The Law on Shoot-Downs (*Lei do Abate*) showed the disregard for *anti-crime by design* and caused criminality to flow down the Amazon rivers.

Point 3: Follow the Product. The instruments of *Follow the Product* (for fraud, trafficking of gold) must be a concert of actions official exclusive to governmental action. The crime is liquid and symbiotic, flowing from one country to another (e.g., Ecuador crisis) and organizing around the great profit. Gold is an ativo fiduciário de nossa soberania (fiduciary asset of our sovereignty).

Point 4: The Illusion of Victory. There is an illusion of victory over criminality. This fight is forever. We must not politicise or put ideology into the solutions. Solutions must be solid based on science and shield the judicial police and the regulatory agencies from political influences—the secret is shielding.

Ideas and Proposals: An official control system for supplies in inputs and machinery (mercury, cyanide), similar to the control of chemicals of the DRE. Think of something like the COAF for products (governmental, with *red flags*), to complement *Follow the Money*. The final disaster is infiltration into politics and State Capture, a threat to sovereignty, where executive chiefs are financed by organized factions.