Apple’s Dirty Gold Problem
Apple has touted its efforts to clean up the trade in conflict minerals like gold. But the company has long relied on gold suppliers linked to money laundering and other illegal activity.

Apple has repeatedly used gold suppliers implicated in money laundering, human rights abuses, and sanctions evasion, according to a Tech Transparency Project (TTP) investigation, raising questions about the company’s reputation as an industry leader in responsible supply chain management.

The tech giant has won praise from some activists for doing more than its corporate peers to halt the trade in so-called conflict minerals such as gold, which has funded violent conflicts and criminal groups in Africa and Latin America.

But TTP found that despite its reputation, Apple has for years relied on a range of suppliers linked to the global trade in “dirty gold.”

Across Africa, the gold trade is often run by paramilitary groups that profit from child labor and use the proceeds to fund civil wars. In Latin America, drug cartels use gold refineries to launder illicit proceeds. This dirty gold is sold to prominent refineries and brokers who re-process and re-brand it, allowing it to slip into the global supply chain.

Many of Apple’s suppliers have obtained gold from the Kaloti Group, a Dubai-based refinery that has repeatedly been linked to the trade in dirty gold.

The Kaloti Group garnered international attention when an auditor at Ernst & Young discovered that the refinery was allegedly smuggling gold and laundering money. The global accounting firm refused to take action and allegedly forced the auditor, Amjad Rihan, out of his job.¹

Rihan alleged his audit team had also uncovered Kaloti transactions involving gold imported from Sudan and Iran, both subject to U.S. and EU sanctions at the time, and the Democratic Republic of the Congo, where the gold trade has long been associated with human rights abuses and child labor.²

A UK court awarded Rihan over $10 million in damages in April 2020 after the judge found Ernst & Young had unfairly pushed him out of his job to help Kaloti cover up the purchase of smuggled Moroccan gold and suspected money laundering.³ Ernst and Young is appealing the award.⁴

In July 2020, human rights NGO Global Witness released a report claiming that Kaloti was actively supplying Valcambi S.A., an Apple supplier, from 2018 to 2019. Sometime between 2017 and 2019, Kaloti was also reportedly purchasing gold from the Central Bank of Sudan, an entity that has allegedly sourced conflict gold from mines run by Sudanese militia groups since 2012.⁵

² Rihan v. Ernst & Young Global Limited, et al, Complaint
⁴ https://www.personneltoday.com/hr/ey-to-appeal-against-11m-gold-whistleblower-verdict/.
This is just one instance where Kaloti’s gold could have made its way into Apple’s supply chain. The TTP review found at least seven more current and former Apple gold suppliers with ties to Kaloti:

- Three of Apple’s longtime Swiss gold suppliers—Valcambi, Argor-Heraeus, PAMP—have bought gold from the Kaloti Group, according to money laundering experts and NGO reports.  

- These Swiss suppliers have also been implicated in other illicit dealings, researchers have found. Valcambi has allegedly purchased gold sourced using child labor in Burkina Faso. PAMP has sourced gold from Ghana, where child labor is also used. And Argor-Heraeus allegedly purchased dirty gold from the Democratic Republic of the Congo (DRC).

- A Kaloti affiliate and five Apple gold suppliers were implicated in a 2013 Peruvian government seizure of over 500 kilograms of gold tied to Peter Ferrari, an alleged money launderer for drug cartels. In 2018, three executives of a subsidiary of Dallas-based gold refinery Elemetal pleaded guilty in a U.S. court to laundering gold with Ferrari, Apple stopped using Elemetal as a supplier that same year. Kaloti and the Apple suppliers have not been charged, and Ferrari is awaiting extradition to the U.S. on related charges.

- Several Apple suppliers implicated in the Ferrari case have been involved in other instances of alleged gold laundering. Italy-based Italpreziosi has been connected to three different money laundering schemes over the last 11 years, including in 2015 for allegedly aiding a Peruvian crime family. The company became an Apple supplier in 2017.

- Swiss refinery Metalor and Miami-based Republic Metals purchased almost a billion dollars’ worth of gold from Goldex, a Colombian gold company charged in 2015 with money laundering. Metalor has been an Apple supplier since at least 2013, while Republic Metals was an Apple supplier from 2015-2018 before being acquired by Japan-based Apple supplier Ashai Pretec in 2019.

- Separately, Ashai Pretec was allegedly involved in purchasing hundreds of millions of dollars’ worth of gold from an intermediary connected to illegal Colombian mines and Venezuela’s state-owned gold refinery, according to investigations by the Miami Herald and The New York Times.
Taken together, the evidence shows that Apple continues to source gold from companies that have been credibly associated with money laundering and the illicit gold trade. Apple only severed ties with one of those named above, Elemetal Refining, and that was after three executives of a subsidiary were convicted of money laundering.

The review also identified flaws in Apple’s supply chain due diligence. Since 2015, Apple has required all of its suppliers to undergo annual audits at the risk of removal for those that refuse.\textsuperscript{18} As it happens, one of Apple’s first audits focused on the Kaloti Group.

Apple acknowledged in its 2015 conflict minerals report that it had commissioned a consultant to investigate the potential links between its gold suppliers and Kaloti, stating, “The objective of the investigation was to identify whether reported gold refiners may be associated with armed groups.”\textsuperscript{19}

Apple has never publicly revealed the results of that investigation and continues to work with suppliers tied to Kaloti today.

\textsuperscript{19} https://www.sec.gov/Archives/edgar/data/320193/000119312516523320/d168894dex101.htm.
Over the years, Apple has won the praise of some NGOs for doing more than most in the corporate world to halt the trade in so-called conflict minerals.

Apple supports grassroots efforts to root out conflict minerals, has lead industry groups on the issue and regularly donates to human rights initiatives in Africa. It has integrated human rights impacts into its due diligence program, which has been lauded by groups such as Global Witness and the Enough Project.20

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20 https://www.sec.gov/Archives/edgar/data/320193/000119312519041571/d694085dex101.htm, page 1
For example, The Enough Project, an NGO focusing on human rights accountability throughout Africa, called Apple’s 2016 supplier report, “a model for how companies should be addressing conflict minerals.”

While those accolades are notable, Apple’s ties to gold dealers like the Kaloti Group highlight a major gap in the company’s effort to police conflict minerals: scrutiny of second-tier suppliers.

Like other publicly traded companies, Apple is required under Section 1502 of the 2010 Dodd–Frank Act to disclose suppliers of so-called “3TG minerals”—tungsten, tin, tantalum, and gold. Congress enacted Section 1502 to address growing concerns about the role of violent DRC paramilitary groups in the trade of those minerals.

Dodd Frank requires companies to disclose its gold suppliers, but not the complete supply chain of the metal. As such, critics say, it ultimately does little to ensure ethical sourcing in an industry where a single nugget of gold can pass through many hands from the mine to an iPhone, where it is used a key conductor in several components.

A 2018 report from the Organization for Economic Cooperation and Development (OECD), the global standard for conflict mineral due diligence, echoed a similar concern: “There is a need for programmes to ensure that participating companies apply due diligence to the whole supply chain, not just to tier 1 (direct) suppliers.”

Apple disclosed over 140 gold smelters and refiners in its most recent conflict minerals report. Each of those suppliers buys gold from a wide variety of second-tier sources, from mines to refineries to scrap metal dealers. Not all these second-tier sources are disclosed publicly, but they can at times be teased out through court records and shipping data. Many will mix gold from several sources and refine it further before selling it, making it almost impossible to discern the original source of the gold.

References:
24 https://digitalcommons.nyls.edu/cgi/viewcontent.cgi?article=1230&context=nyls_law_review, page 430.
27 https://pmt.net.au/2012/05/25/refining-gold-how-does-gold-refinery-work/.
This process enables the “laundering” of dirty gold, allowing bad actors to continue mining by any means necessary and refiners to look the other way. The multi-layered nature of the gold market also complicates criminal prosecution, since providing definitive evidence of wrongdoing is challenging without a clear supply chain.

In recent years, one company has been cited again and again to illustrate the dangers of dirty gold entering market: the Kaloti Group.

TTP’s investigation—which examined Apple’s Dodd Frank disclosures, court records, international media reports, and NGO reports—identified eight Apple gold suppliers that have ties to the Kaloti Group.

Of the eight, TTP found that three current Apple suppliers have purchased gold directly from Kaloti and four more were implicated alongside Kaloti’s Miami affiliate in criminal investigations of alleged money laundering involving the gold trade.\(^\text{28}\) The remaining supplier, Asahi Pretec, acquired one of the suppliers involved in the criminal investigation and has itself been the subject of scrutiny.\(^\text{29}\)

https://archive.is/0rGDn.
\(^{29}\) https://archive.vn/0STvm.
THE KALOTI GROUP AND ERNST & YOUNG

The Kaloti gold empire traces its beginnings to 1988 when it began as Kaloti Precious Metals, a small jewelry wholesaler in Dubai that soon began buying gold. The privately held group is owned by the Kaloti family, originally from Jordan, and the Mdaka family, from Lebanon.

The Kaloti gold network includes the Kaloti Jewellery Group with companies involved in precious metal dealing, bar manufacturing, jewelry fabrication and wholesale in UAE; and the Kaloti Gold Factory LLC, which refines gold and manufacturers gold bars. It also operates Kaloti Gold Testing Laboratories, the first UAE laboratory to be approved by the Dubai and Sharjah municipalities.

In 2014, Global Witness published a groundbreaking report on Kaloti titled, “City of Gold: Why Dubai’s first conflict gold audit never saw the light of day.” It revealed a series of detailed allegations from a whistleblower at Ernst & Young, the Big Four accounting firm that audited Kaloti’s gold supply chain.

EY partner Amjad Rihan had overseen the Kaloti audit and later alleged in a UK court that his firm had pushing him out and colluded with Kaloti to cover up its ties to the dirty gold industry he uncovered.

Rihan specifically alleged that Kaloti dealt with organizations sanctioned by the U.S. Office of Foreign Assets Control as supporters of terrorism or narcotics trafficking, including the Central Bank of Sudan, which Kaloti supplied with more than 44 tons of gold, and Hwazen Jewellery Co. Ltd., which Kaloti supplied with more than 194 kilograms of gold. About $2.3 million of those transactions with Hwazen were in cash.

As previously mentioned, a recent Global Witness report found that not only did Kaloti supply the Central Bank of Sudan, but the company also repeatedly bought gold from the sanctioned entity. The Central Bank of Sudan appears to have sourced gold from mines run by Sudanese militia groups since 2012. From 2012 to 2017, the Central Bank of Sudan had a monopoly on exporting gold from the country. Kaloti was reportedly one of the bank’s largest customers and purchased gold from the bank in 2012, between 2013 and 2015, and between 2017 and 2019.

Rihan also claimed that:

- Kaloti smuggled up to five tons of gold bars worth more than $200 million from Morocco into Dubai by coating the bars in silver, which allowed the company to evade Moroccan restrictions on gold exports. The BBC later found that the same smuggled Moroccan gold was later purchased by a UK gang to launder money from drug proceeds.

30 http://www.kalotipm.com/About-Us.
36 Rihan v. Ernst & Young Global Limited, et al, Complaint, page 8; Sanctions against Central Bank of Sudan were lifted in early 2020.
• Kaloti had more than $451 million in transactions, in cash, with Viren Jewellery Limited, which sources gold from the DRC. One of Viren’s suppliers is Yogesh Jewellery, whose trading partner Silver Minerals sells gold from mines controlled by armed rebels in the Democratic Republic of the Congo.42

• Kaloti also had more than $15 million in transactions, in cash, with Persian Gold LLC, and more than $190 million in transactions, in cash, with Golden Commodities General Trading. These businesses sourced their gold from Iran, which was subject to U.S. and EU trade sanctions at the time.43

• Kaloti purchased over 57 tons of gold in 2012 from suppliers in Sudan, which was more than the country’s reported total gold production of 46.13 tons.44 Some of the documents related to these purchases were missing and some were falsified.45 As with the Democratic Republic of the Congo, Sudan’s gold trade is run by rival paramilitary groups, contributing to significant violence in the region. As of 2014, fighting over one Darfur mine reportedly left over 800 people dead and up to 150,000 displaced.46

• In 2012, over 40% of Kaloti’s business—more than US $5.2 billion—was conducted in cash transactions that were not reported to Dubai or UAE authorities. Rihan warned his employers that this was a tell-tale sign of money laundering and asked Ernst & Young to report the finding and call for further investigation. They did not.47

• Kaloti accepted around two tons of gold from walk-in or call-in customers overall, without carrying out the proper “know your client” verification processes.48

In 2015, a Dubai-based Kaloti subsidiary lost its Dubai Good Delivery status from the Dubai Multi Commodities Centre (DMCC), the government body responsible for overseeing the gold industry in Dubai, for allegedly not meeting the exchange’s standards for gold sourcing.49

The Global Witness report and the subsequent delisting of Kaloti likely led Apple to investigate its gold supply chain for ties to Kaloti that same year. The company has not released the results of that investigation, and none of the suppliers TTP identified sourcing gold from Kaloti has been dropped by Apple.

In April, a British court awarded Rihan over $10 million after finding Ernst & Young had retaliated against him for reporting Kaloti’s involvement.50 Ernst & Young is appealing the decision.51

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49 https://www.thenational.ae/business/dmcc-removes-kaloti-from-dubai-good-delivery-list-over-gold-sourcing-1.34979 The Dubai Good Delivery status is a designation given to gold refiners that are said to practice responsible sourcing of gold and is a reference for customers looking to hire an above board refinery. (source: https://www.dmcc.ae/gateway-to-trade/commodities/gold/accreditation-initiatives).
51 https://www.personnetoday.com/hr/ey-to-appeal-against-11m-gold-whistleblower-verdict/.
APPLE SUPPLIERS AND KALOTI

TTP’s investigation found that three Apple gold suppliers have purchased gold directly from Kaloti. Those suppliers—Valcambi, Produits Artistiques Métaux Précieux (PAMP), and Argor-Heraeus SA—are all based in Switzerland and among the largest and most well-respected gold suppliers in the world. All of these refiners have been Apple suppliers since at least 2013, when the company started disclosing a list of its gold suppliers.

The relationship between Kaloti and these Apple suppliers is a matter of public record. Kaloti’s own website acknowledges that Valcambi and Argor-Heraeus have worked closely with Kaloti through the years. Michael Mesaric, Valcambi’s CEO, has confirmed a relationship between the companies dating back to 2002.

PAMP not only was a customer of Kaloti’s, but also ended up being a key part of Kaloti’s defense against the claims made in Rihan’s whistleblower lawsuit. Likewise, PAMP and Kaloti were named in an NGO report on the use of child labor in Ghanaian gold mines.

Valcambi S.A. (“Valcambi”), a Swiss gold refiner, operated the world’s largest gold refinery as of April 2019. Its trademark is among the most common in the gold industry. In 2005, Valcambi started production of a customized kilo bar in partnership with Kaloti—a relationship Kaloti advertises on its website to this day. The bars record both the official stamp of Kaloti and the certification mark of Valcambi—an outgrowth of the close link between the two entities.

Kaloti also disclosed in a Middle East Economic Digest article featured on the refinery’s website that Valcambi, along with Swiss refiner Argor-Heraeus, has “covered” Kaloti “in case of supply shortages since 2002.” This willingness to cover another company’s supply shortfalls suggests a close working relationship.

Michael Mesaric, CEO of Valcambi, has made no secret of a relationship with Kaloti. Mesaric is quoted in a UAE Today article stating that:

54 https://archive.is/kmCDe.
55 https://archive.is/wUFMv.
56 https://archive.is/kmCDc.
57 http://www.kalotipm.com/About-Us, see “History” tab.
58 https://archive.is/wUFMv.
60 http://www.kalotipm.com/About-Us, see “History” tab.
61 https://archive.is/wUFMv.
“We have a business relationship with Kaloti since 2002; we started with 30 kg scrap deliveries a week from them which gradually increased beyond expectation. Today, it is fair to say that Kaloti is one of the key players in the scrap market.”

Mark Pieth, the author of “Gold Laundering: The Dirty Secrets of the Gold Trade,” wrote that Valcambi, which he described as a highly problematic entity, “is the only major Swiss refinery declaring openly that it works with the Dubai-based refinery Kaloti.” According to Pieth, in 2012 and 2016, Valcambi imported 380 tons of gold from Dubai, a large portion of it from Kaloti.

Pieth adds:

The imports beg questions. Since Kaloti did not have international certification, was Valcambi opening the world market of respectable bullion to Kaloti? Assuming that Dubai is an international collecting point for gold of questionable origin, this sourcing practice by Valcambi raises further questions. Is Valcambi able to assess the chain of custody?

According to Global Witness’ July 2020 report, Valcambi sourced at least 84 tons of gold from Kaloti from 2018 to 2019, including from a company called Trust One Financial Services, which Global Witness alleges is a part of the Kaloti Group.

The report claimed that Valcambi may have purchased gold through Trust One Financial Services in an effort to conceal the fact that it was still procuring gold from Kaloti after the company’s numerous public due diligence pitfalls.

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Valcambi has also been implicated in other instances of buying dirty gold. For example, a report from the human rights NGO Berne Declaration claimed that Valcambi was implicated in purchasing gold smuggled from Burkina Faso mines likely produced using child labor in 2014. For example, a report from the human rights NGO Berne Declaration claimed that Valcambi was implicated in purchasing gold smuggled from Burkina Faso mines likely produced using child labor in 2014. In Burkina Faso, 30% to 50% of miners are reportedly juveniles. In a press release, Valcambi denied dealing with any of the mines named in the Berne Declaration piece.

Prior to its acquisition by Rajesh Exports Ltd in 2015, Valcambi was owned by Newmont Mining and sourced at least 60% to 70% of its gold from the Yanacocha mine in Peru. In 2012, protests over the expansion of the Yanacocha mine resulted in five deaths. The CEO of Newmont Mining at the time publicly apologized for the incident, but local farmers still lost their land to expand the mine.

Produits Artistiques Métaux Précieux (PAMP)

Produits Artistiques Métaux Précieux, or PAMP, based in Ticino, Switzerland, is the world’s leading bullion brand.

While Rihan was conducting the EY Kaloti audit in 2013, a separate EY team in Switzerland was auditing PAMP, according to both the Rihan lawsuit ruling and a 2018 report from the NGO Society for Threatened Peoples.

The audit team gave PAMP a clean bill of health while acknowledging that PAMP purchased gold from Kaloti. EY referenced this PAMP audit in its lawsuit with Rihan as proof of Kaloti being “clean.” Outside of the lawsuit, Kaloti appears to have also publicly used PAMP’s audit as a defense of its gold sourcing practices.

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72 https://archive.vn/otJJO.
74 https://www.pamp.com/.
In 2018, the Society for Threatened Peoples (STP) published a report, based on internal EY documents, claiming that the Switzerland EY audit was flawed. According to STP, the PAMP audit EY used a tax team instead of a team specializing in conflict minerals. Because of the team’s lack of expertise, PAMP was cleared as up to code, when in fact the refinery was not. PAMP “categorically refuted” STP’s claims.

PAMP has been implicated in suspect dealings outside of its relationship with Kaloti. In 2015, Human Rights Watch found weaknesses in PAMP’s due diligence transparency with its gold supplier in Ghana. The NGO documented widespread instances of child labor in Ghanaian gold mines and specifically referenced PAMP as a refinery that sources from the region.

In response to Human Rights Watch’s report, PAMP said that while it does have a gold supplier in Ghana, it found no evidence of child labor at the mine sites. HRW said that while PAMP’s stated due diligence process is more rigorous than other parties mentioned, there was little public documentation to verify its effectiveness. The NGO called for further public transparency to back up PAMP’s claims.

**Argor-Heraeus**

Apple has listed Swiss gold refinery Argor-Heraeus as a supplier since 2013.

In 2018, the NGO Society for Threatened Peoples implicated Argor-Heraeus in purchasing gold from Kaloti. The same report alleged that Kaloti purchased gold from various suppliers listing Liberia as the country of origin and potentially engaged in questionable procedures, including missing paperwork. Since 2002, Argor-Heraeus, along with Valcambi, has also reportedly helped Kaloti cover any gold shortages it has had, suggesting a strong business relationship.

Argor-Heraeus has also been implicated in purchasing dirty gold from the Democratic Republic of the Congo, where illegal gold mining is rampant among paramilitary groups formed during the country’s decade-long war. The dirty gold economy fuels arms trading and violence and causes environmental damage through destruction of agricultural land and pollution. Though

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89 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6221437/.
90 https://archive.is/kmCDe.
authorized mining operations do exist in the DRC, the illegal operations are prevalent in the market.91

From 2004-2005, researchers found that Argor-Heraeus allegedly purchased DRC gold after it had been laundered through Uganda from an armed DRC group linked to massacres and violence against civilians.92 This research then became the basis of a formal criminal complaint filed by Geneva-based nonprofit TRIAL (Track Impunity Always) in late 2013, just a few months before Apple listed Argor-Heraeus as a supplier.93 Argor-Heraeus stated that it “firmly refutes” all of TRIAL’s accusations.94

After TRIAL filed the complaint, Swiss law enforcement launched an investigation into the refinery.95 In 2015, the Office of the Attorney General in Switzerland dismissed the case, stating that though the gold was indeed illegally mined, there was not enough evidence to prove the refinery knowingly purchased pillaged gold. The decision garnered press attention, as the evidence suggests Argor-Heraeus knew the origin of the gold.96

Apple continues to source gold from the company, according to its most recent conflict mineral disclosure.97

**OTHER APPLE GOLD SUPPLIERS LINKED TO CRIMINAL ACTIVITY**

Several other Apple gold suppliers have been linked to alleged criminal activity over the years, at times alongside the Kaloti Group and its affiliates.98

**Peter Ferrari Investigation**

Criminal investigations in the United States and Peru into alleged money laundering led to seizures of gold destined for Kaloti’s Miami affiliate and four other Apple suppliers: Elemetal Refining, Republic Metals, Metalor, and Italpreziosi.99

In late 2013, Peruvian authorities seized 500 kilograms of gold after a group of exporters could not verify the origins of the gold.100 One of the exporters was Minerales Rivero, a company funded by an infamous Peruvian gold dealer, Pedro Pérez Miranda, also known as Peter Ferrari.101 Rivero is owned by Ferrari’s nephew, but, according to media reports citing an investigation by Peruvian authorities, Ferrari is a “principal financier [of Rivero] and trader of illegal gold, which he exports using Lima-based front companies.”102

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94 [https://archive.vn/FJ0Aw](https://archive.vn/FJ0Aw).
100 [https://archive.vn/RXdEu](https://archive.vn/RXdEu).
101 According to the Kaloti Group’s website, it has had a Miami affiliate company since 2011. A 2016 blog post from the Kaloti Group references the Miami-based Kaloti Metals and Logistics as the Kaloti Group’s “Miami office,” and the company refers to having a Miami subsidiary in a separate post. See: [http://www.kalotipm.com/About-Us](http://www.kalotipm.com/About-Us) and [https://kalotipreciousmetalsdmcc.blogspot.com/2016/08/](https://kalotipreciousmetalsdmcc.blogspot.com/2016/08/).
Since the 1990s, Ferrari has been implicated in illegal gold schemes throughout Latin America and is alleged to have working relationships with drug cartels, specifically Colombia’s Norte del Valle cartel. Ferrari has previously been tried on several counts of money laundering and drug trafficking in Peru but never convicted.

Prior to the 2013 confiscation, Rivero and the other exporters were preparing to send the gold to several companies in Apple’s gold supply chain: NTR Metals (a subsidiary of Elemetal Refining), Republic Metals, Kaloti’s Miami affiliate, Metalor, Italpreziosi, and PAMP.

After confiscating the gold, Peruvian prosecutors launched an investigation into Ferrari and his associates. In January 2017, Peruvian officials arrested Ferrari on charges of exporting 13 tons of dirty gold from the country. An appeals court ordered him released on a technicality, and Peru agreed to extradite him to the United States to face trial in a Miami federal court.

The U.S. Attorney for the Southern District of Florida indicted Ferrari in January 2018 along with three other Peruvians for allegedly running a multibillion dollar, international gold money laundering scheme.

As of July 2020, Ferrari was still awaiting extradition to the United States.

**Elemetal Refining**

Apple began listing Elemetal Refining as a supplier in 2014, two years after the company was implicated in the Peruvian case involving Peter Ferrari. It was not the only time Elemetal has been accused of colluding with Ferrari.

In 2013, Elemetal Refining’s subsidiary NTR Metals bought $980 million of gold, including $400 million from Ferarri. According to the Miami Herald, Ferrari was also allegedly involved in getting NTR some portion of $485 million of Peruvian gold smuggled through Ecuador and Bolivia, and in 2015, a part of $722 million through Colombia.

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103 https://elcomercio.pe/peru/madre-de-dios/mitad-exportadoras-oro-mira-mineria-ilegal-292713-noticia/
In 2017, the U.S. Attorney for the Southern District of Florida charged three executives of NTR Metals with aiding gold smuggling and narcotics trafficking between Latin America and the U.S. via Ferrari’s companies. The U.S. Attorney also sued Elemetal LLC in March 2018 on a single count of failure to maintain an adequate anti-money laundering program.

After all three employees and NTR pleaded guilty by May 2018, Elemetal Refining paid a $15 million fine and agreed not to internationally trade gold for five years, resulting in the shutdown of the company’s Ohio refinery and the loss of hundreds of jobs. The former executives were each sent to prison to serve sentences ranging from six to seven and a half years.

Elemetal Refining became an Apple supplier in 2015, two years after it was named in connection with Ferrari. Apple continued to list the refinery as a supplier until 2018, when the three NTR executives pleaded guilty to money laundering.

**Metalor**

Metalor, another Switzerland-based supplier implicated with Kaloti in the Peruvian case, purchased nearly a billion dollars’ worth of gold from Goldex, a now defunct Colombian gold company that was charged in 2015 with money laundering.

Goldex has been linked by Colombian authorities and media reports to money laundering and illegal gold mining operations. One of Goldex’s key suppliers was said to be Jairo Rendon Herrera, an associate of the Colombian paramilitary group United Self-Defense Forces of Colombia and brother of the founder of Colombian drug cartel Urabeños. From 2007 to 2009, Goldex purchased over $3.3 million worth of gold from Herrera’s mining outfit, according to the *Panama Post*.

Herrera surrendered to U.S. authorities in 2009 after being charged with drug trafficking. His arrest made international headlines and inspired media investigations into the Colombian gold trade, eventually resulting in Goldex being named as one of Herrera’s clients in 2014.

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113 USA v. Elemetal, LLC, Information, Page 6.
116 https://www.sec.gov/Archives/edgar/data/320193/000119312516523320/c168894dex101.htm
Metalor allegedly kept using Goldex as a supplier until around the time its connection to Herrera was announced.\(^{120}\) By that time, it appears that Metalor had already been supplying Apple for a year.\(^{121}\)

Metalor has denied allegations of money laundering in connection to the Goldex case, stating in a press release that: “Metalor decided to stop business as soon as the first negative information about this company did show up in the media, long time before authorities took any action.”\(^{122}\)

Metalor was also named in the Human Rights Watch report on Ghanaian gold mines as a company that sources from the problematic region. HRW stated that, at one point, Metalor was “one of the most important single business partners for Ghana’s [gold] trade.” Metalor contested the claim.\(^{123}\)

In a letter to HRW, Metalor ensured the rigor of its due diligence process in Ghana, saying it “is continuously striving to ensure that the mines Metalor is sourcing from in Ghana do not use child labor.”\(^{124}\)

**Italpreziosi**

In 2017, Apple listed a new gold supplier, Italpreziosi, which had been linked to three different alleged money laundering schemes since 2009.

The Drug Enforcement Administration reportedly investigated Italpreziosi in 2009 for laundering money for an Italian crime organization, according to Spanish publication *Inforegión*.\(^{125}\)

Then, in a separate 2012 case, the U.S. Attorney’s Office for the Southern District of New York froze the company’s bank account after uncovering transactions with the Sanchez-Paredes organized crime family in Peru.\(^{126}\)

The U.S. Attorney alleged that the Sanchez-Paredes family used its shell companies’ bank accounts and the accounts of various gold refineries, including Italpreziosi, to launder money from cocaine trafficking.\(^{127}\) The Sanchez-Paredes would then use these funds to finance their own mining companies, the Santa Rosa and San Simon, that were accused of being fronts for cocaine production.\(^{128}\)

\(^{121}\) https://www.sec.gov/Archives/edgar/data/320193/000119312514217311/d729300dex102.htm.
\(^{122}\) https://archive.is/DsFPj.
\(^{125}\) http://www.inforegion.pe/144361/sanchez-paredes-la-baraja-de-bharara/.
\(^{128}\) http://espresso.repubblica.it/plus/articoli/2015/07/30/news pérdida oro sporco arriva anche qui-1.223245.
Prosecutors unfroze Italpreziosi’s funds in 2013 when a federal court ruled that the company had been unaware of the Sanchez-Paredes’ alleged illegal activities. Peruvian authorities formally charged members of the Sanchez-Paredes family with drug trafficking and money laundering.129 The case is ongoing.130 A 2015 L’Espresso article said that Italpreziosi continued to buy gold from the Sanchez-Paredes’ San Simon mine.131 Italpreziosi was also one of the companies receiving gold from alleged Peruvian gold dealers, including Peter Ferrari, in December 2013, when Peruvian authorities confiscated the aforementioned $18 million of illegal gold bound for the U.S. and Europe.132 Despite these red flags, Apple started doing business with Italpreziosi in 2017, and the company is listed as a current supplier in Apple’s most recent conflict minerals report.133

**Republic Metals Corporation**

Apple began listing gold supplier Miami-based Republic Metals in 2015.134 Republic Metals is alleged to have been involved in nearly all of the supplier scandals recounted above, including the 2013 Peruvian gold incident with Kaloti. However, Republic Metals has managed to consistently avoid criminal charges, at least in part by aiding authorities in their investigations of the industry.

Like Metalor, Republic Metals was also connected to the Goldex scandal. Metalor and Republic Metals collectively purchased nearly a billion dollars’ worth of gold from the Colombian gold company, according to an investigation by Al Jazeera. The same article also claimed that Republic Metals continued to engage with Goldex for several years after the scandal involving its supplier Jairo Rendon Herrera broke in 2009, even after Colombian authorities informed the U.S. company about Goldex’s suspicious business practices.135

Republic Metals CEO Jason Rubin denied any wrongdoing in response to a *Bloomberg* article about Goldex. He later sued the news service for libel for writing his company participated in a “cocaine money-laundering scheme.”136 The case was dismissed with prejudice after an agreement was reached between Republic Metals and Bloomberg.137

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136 Republic Metals Corporation V. Bloomberg, L.P., Complaint, pg.1
137 Republic Metals Corporation V. Bloomberg, L.P., Order Dismissing Case with Prejudice, pg.1
The Sanchez-Paredes scandal drew in Republic Metals in 2012 as the U.S. refinery had been purchasing gold from the family. The Justice Department moved to freeze over $20 million of Republic Metal’s funds in October of that year. But the government soon returned the money as Republic Metals was collaborating with the DEA on a case against the family prior to the DOJ inquiry.\textsuperscript{138}

In 2013, Republic Metals reportedly changed its sourcing policies in an effort to reduce the amount of dirty gold in its coffers. To do this, the company said it would no longer purchase gold from small dealers and instead buy only from large, licensed multinational sellers.\textsuperscript{139}

Apple began sourcing from Republic Metals in 2015 after the refiner claimed to have turned over a new leaf. However, Republic Metals has continued to come to the attention of law enforcement in the years since.\textsuperscript{140}

In 2017, Republic Metals was named as part of the alleged money laundering scheme involving Elemetal Refining and Peter Ferrari. Unlike Elemetal, however, Republic Metals was never formally charged for its role, with one report suggesting the company was in negotiation with prosecutors.\textsuperscript{141}

In April 2019, Republic Metals entered into a “non-prosecution agreement” with the U.S. Attorney for the Southern District of Florida after aiding an investigation into money laundering in the gold industry. In order to maintain this immunity, Republic Metals agreed to assist in the federal investigation, and notably, work to improve its own anti-money laundering and compliance programs.\textsuperscript{142}

Republic Metals filed for bankruptcy in November 2018.\textsuperscript{143} The company had been hemorrhaging money since March 2017 due to alleged mismanagement by chief executive Jason Rubin and his family, resulting in a lawsuit between the Rubins and the company’s investors and lenders.\textsuperscript{144}

In February 2019, Japan-based Asahi Pretec, another Apple supplier, acquired Republic Metals, its subsidiaries, and its reserves of gold for $25.5 million.\textsuperscript{145} Republic Metals has since been renamed Asahi Refining Florida.\textsuperscript{146}

\textsuperscript{138} \url{https://www.miamiherald.com/news/business/article223213905.html}  
\url{https://www.justice.gov/archive/usao/nys/pressreleases/October12/SanchezParedesPR.html}.  
\textsuperscript{139} \url{https://www.miamiherald.com/news/business/article223213905.html}.  
\textsuperscript{140} \url{https://www.sec.gov/Archives/edgar/data/320193/000119312518073716/d538673dex101.htm}.  
\textsuperscript{141} \url{https://www.miamiherald.com/news/business/article223213905.html}.  
\textsuperscript{142} \url{https://archive.vn/kfNhK}.  
\textsuperscript{143} \url{https://archive.is/0STvm}.  
\textsuperscript{144} \url{https://www.miamiherald.com/news/local/crime/article229361954.html}.  
\textsuperscript{145} \url{https://www.miamiherald.com/news/business/article223213905.html}.  
\textsuperscript{146} \url{https://archive.vn/0STvm}.  
\textsuperscript{147} \url{https://www.miamiherald.com/news/business/article223213905.html}.  
\textsuperscript{148} \url{https://archive.vn/0STvm}.
Asahi Pretec, which acquired Republic Metals and has been an Apple supplier since 2013, itself has a checkered past with the illegal gold trade linked to Colombian armed groups.\(^{147}\)

In July 2019, the *Miami Herald* reported that Asahi, along with Republic Metals and Argor-Heraeus, had been purchasing hundreds of millions of dollars of gold from CIJ Gutiérrez, a Colombian gold exporter. Asahi alone bought $856 million from CIJ Gutiérrez from 2015 to 2018.\(^{148}\)

In August 2019, the *New York Times* reported that the gold Asahi purchased from CIJ Gutiérrez was from mines connected to Colombian armed groups.\(^{149}\) Asahi appears to still source some of its gold from Colombia, based on a company press release dated September 2019.\(^{150}\)

CIJ Gutiérrez was also accused in one media report of sourcing metals from Venezuela. Under U.S. sanctions against Venezuela, any refinery doing business with American citizens is barred from purchasing Venezuelan gold. And yet, neither Asahi nor the other Apple suppliers appear to have terminated their relationship with CIJ Gutiérrez.\(^{151}\)

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\(^{147}\) https://www.sec.gov/Archives/edgar/data/320193/000119312518073716/d538673dex101.htm