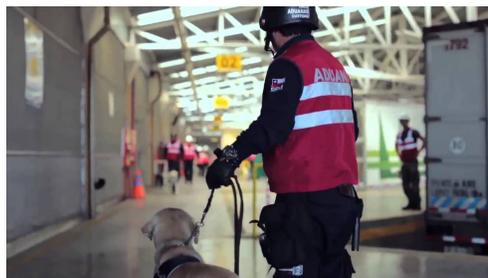


2,007 views | Mar 31, 2017, 09:55am

Chile's Crackdown on Gold Smuggling Hurting Legit Dealers - Insider



Kitco News Contributor ©



Source: Government of Chile

(Kitco News) - In the fight against illegal gold operations in South America, some authorities may be hurting local business owners.

Since the infamous Harold Vilches' gold smuggling case, Chilean authorities started to impose tougher restrictions on gold imports that are proving impossible to meet, Felipe Muñoz, co-founder of Aurica Metales, told Kitco News in an exclusive interview. The new push is part of Chile's efforts to cut down on illegal gold being brought into the country.

“The Vilches case has completely paralyzed imports of bullion products into Chile,” noted the Santiago-based precious metals importer. “One of the new rules established by the Chilean customs in response to Vilches' illegal activities was to

force gold importers to specify the exact number of coins manufactured in the country of the bullion's origin in a given year.”

The catch-22 is that this kind of information is very hard to obtain in countries such as the U.S. and Canada, explained Muñoz, the two nations he mainly does business with.

“In the five years that we've been in operations in Chile, we've imported 15,500 ounces of Gold Maple, which is a 24-carat, highest purity unit. That number has dropped down to zero since December 21, 2016, when the tougher rules were introduced,” he said. “Since that day, I haven't been able to import anything – gold, silver, or platinum. The new regulations gravely affect my business.”

Earlier in March, Bloomberg published a feature about the Chilean smuggler, Harold Vilches, 23, who confessed to the American and Chilean authorities that he sold 4,000 pounds of illegally mined gold, the majority of which was reportedly bought by NTR Metals' office in Miami.

Vilches was interviewed by the FBI as well as Chilean prosecutors in October 2016. During his testimony, Vilches named two NTR Metals executives – Renato Rodriguez and Samer Barrage – who were allegedly aware they were buying illegal gold and are said to have prepped Vilches on what to say to customs agents. NTR Metals' employees denied the allegations.

In another recent case involving NTR Metals and illegally smuggled gold, the company's operations manager, Juan Pablo Granda was arrested on March 15 when he returned to Miami from South American jungles, where he was allegedly sent by NTR Metals to buy gold for smelting.

Gold Smuggling on the Rise

- Nonprofit org.Verité claims that 40 tons of gold shipped from 5 Latin American countries came from illegal mines, which almost doubles the legal export volume of these countries.

- Global Initiative against Transnational Organized Crime says that "about 28% of gold mined in Peru, 30% of gold mined in Bolivia, 77% of gold mined in Ecuador, 80% of gold mined in Colombia, and 80-90% of Venezuelan gold is produced illegally."
- In Venezuela alone, [Kitco News](#) found that there are roughly 100k workers at illegal gold mines, with 90% of the country's total gold production comes from mafia-controlled mines.

Muñoz told Kitco News that cases like this have forced Chile to come up with “absurd” import rules.

“Vilches originally bought illegal gold in Peru and Bolivia, then moved it to Chile to melt it into ingots. As he was trying to leave the country, Vilches came up with the lie, telling the customs agents that the golden bars he had in his possession were melted out of the gold coins bought locally.”

What the border agents discovered was that the math simply didn’t add up.

“He would have had to buy and melt 30,000 Chilean coins to equal the number of bars he was trying to move. Chile, however, stopped producing these coins in late 1970s, making it impossible for him to obtain that many,” Muñoz pointed out. “This is the reason behind the new December rule, which requires importers to list the number of coins produced in the country where gold is coming from.”

Aurica is currently taking legal action against the Chilean government, said Muñoz, adding that the new measures violate free trade agreements between Chile and North American partners like the U.S. and Canada.

Aside from providing a list of coins produced in a given country, the government’s December legislation (translated into English) requires gold importers to also present:

-A copy of a decree from the country of origin [Canada, in Muñoz's case] that authorizes the minting of coins and lists the number of coins minted.

YOU MAY ALSO LIKE

- A certificate of authenticity of "Legal Tender", issued by a competent body from the country of origin or endorsed by a State Agency of the country of origin, which can guarantee the purchase as a ticket, invoice or similar, indicating that it is a legal tender, listing date of issue and quantity of coins purchased.

To Muñoz, these requirements are virtually impossible to adhere to and have stalled his business operations.

"The second bullet is even more difficult to meet since there are no 'legal tender' certificates in the United States or Canada because the coins are minted under the laws of those countries," he said. "I doubt that the Royal Canadian Mint or the U.S. Mint deliver that information."

What's more, he explained that one of the biggest issues importers have with the new regulations is that Chilean authorities assume that all the gold is bought directly from governments, which is not the case. "In reality, [we] purchase from authorized dealers, [but] all the documents Chile requires need to be issued by the government or endorsed by a State Agency of the country of origin."

The issues with Chilean customs have been raised by the media in the past. Chile's Center for Journalistic Research (CIPER), for example, reported last year that 375 of the country's customs agents were spread very thin and lacked proper training.

"Despite rigorous training, customs inspectors remain the same. It is clear that the 375 inspectors are able to visually check only 5% of the imported merchandise and verify that the product, quantity and value of the merchandise documented

by the owner is real,” the CIPER website wrote, adding that when it comes to exports, there is practically no proper checks in place.

Muñoz agreed, noting that “In Chile, the sale of metals is uncommon, so much so that customs agents aren’t properly trained to deal with metals imports/exports cases.”

**** The original interview with Felipe Muñoz was conducted in Spanish and then translated into English.*

By Sarah Benali and Anna Golubova of Kitco News;

sbenali@kitco.com and agolubova@kitco.com

and



Kitco News Contributor

"Kitco" is a familiar name to many people who visit our world-famous, award-winning website www.kitco.com. With its compelling combination of an online precious metals... **Read More**
