



AMANN

Beneath the Shine: Illicit Gold and Financial Crime





The Problem

Gold has long served as a trusted medium of exchange and dependable store of value. In times of economic uncertainty and geopolitical tension, gold is seen as a safe haven that helps preserve wealth and guard against inflation. Many central banks hold gold as part of their reserves and investors look to gold in times when stocks or currencies are under pressure. In April 2025, gold futures hit record highs due to market instability from the Trump Administration's tariff policies, with some experts comparing this rise to when prices jumped by almost 120% after the Iranian Revolution from 1979 to 1980. All this reflects the considerable status gold holds as a financial commodity, in addition to its value as a key material in jewellery, electronics, medical goods, and other high-end applications.

Yet its very qualities – universally recognised value, ease of transport, high liquidity, and anonymity – also make it an ideal vehicle for illicit trade and financial crime. As a commodity, gold is in constant global demand, easily convertible into cash or assets, and often exchanged outside formal banking channels. These characteristics make it highly attractive to a wide range of bad actors – from armed groups and organised criminal networks to corrupt officials and money launderers. Moreover, gold is frequently mined and traded through informal channels that exploit both local communities and the environment, posing a systemic threat to society.

Criminal networks and other bad actors use gold to both generate illicit profits and to conceal and launder the proceeds of crimes. The illicit gold trade generates billions in revenue annually. For instance, some estimates suggest that tens of billions of dollars worth of gold is smuggled out of Africa alone each year. Whether mined illegally, smuggled across borders, or blended into legitimate supply chains, gold can move value quickly and discreetly, sidestepping the formal financial system. Once integrated into global markets, illicit gold becomes almost indistinguishable from legitimate flows, making detection and enforcement extremely challenging.

Compounding the issue is the fragmented and opaque nature of gold supply chains. Much of the world's gold originates from artisanal or small-scale mining operations (ASGM) located in remote and often unstable regions. These operations, while not inherently criminal in nature, typically operate outside regulatory oversight, making them vulnerable to exploitation. The gold is then passed through a web of traders, refiners, and exporters – often across multiple jurisdictions with varying degrees of enforcement – before reaching international markets. This complexity creates significant blind spots for regulators, financial institutions, and companies attempting to conduct due diligence and comply with AML, environmental, and supply chain due diligence standards.

As global action against illicit finance and its wide-ranging environmental, political and societal impacts grows, understanding gold's role is crucial.



What is the Illicit Gold Trade?

The illicit gold trade encompasses a wide spectrum of illegal and often times harmful practices that occur across the gold supply chain – from the point of extraction to the integration of gold into global markets. These practices often occur alongside financial, transnational, and environmental crimes. The illicit gold trade largely exists on a continuum, where legal, informal, and illegal flows are often interwoven. This blurred line complicates due diligence efforts and presents serious challenges for policymakers, financial institutions, and industry actors working to establish responsible sourcing and transparent supply chains and keep financial crime out of the gold industry.

At one end of the illicit gold trade spectrum is gold directly sourced from illegal mines. These mines are often controlled by armed groups or criminal organisations linked to armed conflict and other illicit activities. In these contexts, gold extraction often fuels violence and instability, as well as causing serious environmental and humanitarian harm, such as forced labour. At the other end of the spectrum is legitimately sourced gold from legal mines that is diverted or co-opted by criminal groups or corrupt actors at various points along the supply chain, or traded in a way that violates national regulations, such as export restrictions. This dynamic reflects a well-documented pattern: the further gold moves downstream – from mine sites to traders, exporters, refiners, and eventually into consumer markets – the more vulnerable it becomes to illicit manipulation, even when originally the gold was mined lawfully.

This underscores the critical importance of robust due diligence and proactive supply chain management across the gold industry globally. As gold moves through complex and often opaque supply chains, effective measures are necessary to trace its origin, ensure its legitimacy, and prevent its diversion into illicit networks. Comprehensive due diligence enables industry stakeholders – from miners and traders to refiners and end buyers and consumers – to identify and mitigate risks associated with financial crime and environmental and human right abuses. Furthermore, anti-money laundering (AML) measures must be integrated into every stage of the gold supply chain to monitor and detect illicit financial flows, ensuring compliance with international regulations and preventing the abuse of the sector for criminal activities.



Key Forms of Illegal Gold



Primary Gold – Unrefined gold in any form, shape, and concentration.



Recycled/Scrapped Gold – Traditionally encompasses anything that is gold-bearing but has not come directly from a mine (for example, recycled gold jewellery).



Investment Gold – Gold that has been refined into a form for trading, such as coins, ingots, or bars.



Gold for Luxury Items – Gold that has been refined and processed into items such as high-end jewellery or houseware.

ASGM Mining

A considerable portion of illicit gold originates from informal mining and panning, known as Artisanal and Small-Scale Gold Mining (ASGM). ASGM can take many forms, both legal and illegal. In fact, ASGM activity does not inherently involve unethical or illegal practices at the point of extraction and is often a legitimate source of livelihood. However, the informal nature of this form of mining exposes the gold to a higher risk of being sourced or traded illicitly, which can have a considerable toll on the community and environment. Illicit linkages in the supply chain can range from egregious human rights abuses at mine sites, such as child labour, to illegal taxation of gold by armed groups at transit checkpoints to fund violent activities.



Some estimates place ASGM as accounting for 20% of all annual gold supply, and 80% of employment in the sector, with the remaining made up of large-scale mining by large private sector companies or state corporations. ASGM provides a source of income for millions of people globally, but is particularly concentrated in Africa, Asia, and Latin America. ASGM is viewed in many communities as a legitimate source of livelihood. In South Sudan, for example, artisanal mining provides an important alternative livelihood source to pastoralism as agricultural productivity decreases, exacerbated by the impacts of climate change. Many miners do not rely on ASGM as their primary source of income – rather, mining acts as an important ‘shock absorber’ when primary sources go dry.

Unfortunately, ASGM is often entangled, to varying degrees, with illicit networks and illicit activities. This entanglement is rarely straightforward or entirely voluntary; rather, it is shaped by a combination of push and pull factors. On one hand, limited access to formal markets, weak regulatory frameworks, and economic marginalisation push ASGM actors toward informal or illegal channels as a matter of survival. On the other hand, the high value and liquidity of gold create powerful incentives for criminal networks to actively engage with and exploit these same communities, drawing them deeper into illicit ecosystems. The persistence of informal trading relationships, the lack of alternative livelihoods, and the presence of armed or criminal actors in mining regions all contribute to this deeply rooted convergence of ASGM and illicit finance.

Moreover, corruption plays a central role in enabling ASGM and more widely, the illicit gold trade. It allows informal – and often illegal – operations to continue unchecked, with local officials and law enforcement sometimes turning a blind eye to unlicensed and unregulated mining. This corruption isn’t confined to the local level; it can extend deep into government institutions, where regulatory capture, collusion, and political protection shield powerful actors involved in the illicit gold trade from accountability. The consequences are far-reaching: corruption not only undermines efforts to curb illegal mining and trade but also deters legitimate investment in the sector and erodes the rule of law, leaving entire regions vulnerable to exploitation and instability.

However, it is not always corruption alone that enables these dynamics – state weakness or outright institutional failure also plays a critical role. In many cases, limited government presence, lack of resources, and fragile rule of law leave a vacuum that is quickly filled by illicit actors who provide order, access, or services in place of the state. For many ASGM communities, it creates an environment where compliance with regulations is not only difficult but economically disadvantageous – reinforcing reliance on illicit actors who promise protection, access to markets, or simply a way to survive within a broken system.



Illicit trade in some areas – particularly countries such as the Democratic Republic of the Congo (DRC) which are dominated in large part by their gold industry – is bolstered by long-term trade relationships and familial networks that guarantee a relatively predictable market for miners and are very difficult to replace or break apart. Armed groups – bolstered by links to local or national political interests – also provide ‘protection rackets’ or security to miners in return for control over supplies. While such an exchange may at times provide important security protection to miners, typically it results in a dynamic of coercion and control at mine sites. Nonetheless, these structures perpetuate the illicit trade, restricting the emergence of formal alternatives. The arrangement is thus very sticky – with a lack of viable alternatives and powerful political interests across the region underwriting the perpetuation of illicit activity, change may need to come from the international community.

Drivers of the Illicit Gold Trade in Source Countries



Push Factors

- Lack of alternative livelihoods, downturn in agricultural economy.
- Increased regulation of other sectors.
- Poor formalised gold sector, with high barriers to entry.
- Lack of international demand for artisanal gold.

Pull Factors

- Source of livelihood, seasonal income source and ‘economic shock absorber’.
- Competitive black-market prices.
- Gold inherently easy to smuggle – small, anonymous, shifts into a currency.
- Committed and powerful ‘investors’.



Convergence with Financial and Transnational Crime

The illicit gold trade, like all illicit trades, does not occur in a vacuum, instead intersecting with a range of other criminal activities at various points along the supply and financial chains, making it a central node in broader illicit economies and financial crime globally. Such overlaps can include crimes such as smuggling, tax evasion, document fraud, corruption, money laundering, and even human trafficking. For example, smuggling networks used to transport illicit gold across borders may also traffic in drugs, arms, or people, leveraging the same routes, contacts, and infrastructure. Similarly, fraudulent documentation and bribery are frequently used to “clean” illicit gold and integrate it into formal markets.

The following are core convergence areas:



Corruption: Corruption plays a central role in enabling the illicit gold trade, as stated above. Bribes and informal payments can allow illicit actors to bypass regulatory oversight, falsify export documentation, or gain protection from law enforcement. Customs officials, for example, have been bribed to permit the flow of unregulated mercury into countries for use in illicit gold mining operations, and out again across borders into neighbouring countries, or to allow gold to be exported as scrap as opposed to bullion.



Money Laundering: Gold's high value, portability, and largely anonymised nature make it an attractive vehicle for laundering illicit proceeds. For instance, the US has highlighted the international gold trade as a common method for the laundering of illegal mining, narcotics, and other criminal proceeds. In one recent case, the US arrested a group of individuals for their role in a billion-dollar money laundering scheme involving the smuggling of gold from South Africa into the US.



Tax Evasion: Actors across the gold supply chain may engage in tax evasion, customs fraud, and other tax-related offenses, depriving states of critical revenues and reinforcing informal and illegal trade networks. Gold can be smuggled across borders to avoid customs duties or tariffs, or to take advantage of lower tax rates in another country. Some international mining companies have also been implicated in sophisticated tax evasion schemes, as the recent case of Acacia Mining shows.



Conflict and Terrorism Financing: In conflict-affected and high-risk areas, armed groups and terrorist organisations may control or exploit gold extraction and trade to finance their operations. For example, in the DRC, various armed groups have long financed their activities through control of artisanal gold mines, taxing miners or directly engaging in extraction and trade. Similarly, in Venezuela, criminal syndicates have seized control of gold-rich regions, using violence and coercion to profit from illegal mining. Legislative responses such as the US Dodd-Frank Act and the EU Conflict Minerals Regulation both target gold's links to conflict and terrorist financing, particularly in politically unstable regions.



Human Trafficking and Human Rights Abuses: The extraction process – particularly in informal and unregulated mining operations – can involve serious human rights violations, including forced labour, child labour, and forms of human trafficking. Vulnerable populations are often exploited under coercive or dangerous conditions. In Ghana, for instance, forced labour has been reported in ASGM operations, with criminals using threats of violence to keep workers in subjugation.



Drug and Arms Trafficking: The illicit gold trade often intersects with drug and arms trafficking networks, particularly in regions where criminal groups operate across multiple illegal economies. Shared smuggling routes, logistics networks, and laundering mechanisms enable gold to be exchanged for weapons or narcotics. In South America, criminal organisations involved in drug trafficking often collaborate with groups controlling the illicit gold trade, with a nexus between these two illicit industries particularly pronounced in regions with limited state control. Colombia's drug cartels make over half their revenue from illegal gold mining, for instance, according to some estimates.



Sanctions Evasion: Illicit gold can be used as a tool to bypass financial restrictions or sanctions, enabling sanctioned individuals, entities, and regimes to covertly move value across borders. Moreover, as more gold itself becomes subject to sanctions – such as restrictions on Russian-origin gold – there is a growing risk that sanctioned actors will turn to illegal methods of trading, smuggling, or laundering gold to access international markets. Moreover, many criminal and armed groups involved in the illicit gold trade are themselves subject to international sanctions or are closely linked to sanctioned states, further entrenching gold's role in global sanctions evasion networks. In 2023, the UK's Joint Money Laundering Intelligence Taskforce (JMLIT) and Financial Sanctions Circumvention Cell of the Money Laundering Public-Private Threat Group issued a Red Alert on the techniques used by entities to evade sanctions related to gold.

Case Study: Sudan's Gold Industry and Illicit Networks

Sudan's vast gold reserves have long been a focal point for armed groups vying for control in the region. ASGM makes up the majority of the gold that Sudan produces, which then enters the international market through key gold hubs such as the UAE. A Chatham House [report](#) found that weak regulatory enforcement has enabled low cost, high-profit mining with links to illicit networks, undermining the sector's potential for industrial growth or sustainable development. Since the 2021 coup, growing political competition and violence has been mirrored by economic competition, with the gold sector a key reflection of this. Both the Rapid Support Forces (RSF) and the Sudanese Armed Forces (SAF) have invested in the gold industry, including through agreements with large privately-owned mining and refinery companies.

A key player in Sudan's gold industry has been General Mohamed Hamdan Dagalo (known as Hemedti) of the RSF, who controls one of the country's most lucrative gold mines – Jebel Amer in North Darfur. In 2017, Hemedti [seized control](#) of the mine, further entrenching himself and his family in Sudan's lucrative gold trade, where they were already key players. In January 2025, the US government [sanctioned](#) Hemedti and dozens of his companies over accusations of war crimes and genocide. Almost all the companies sanctioned are connected to the gold trade, including AZ Gold, which has imported from Sudan millions of dollars' worth of gold.

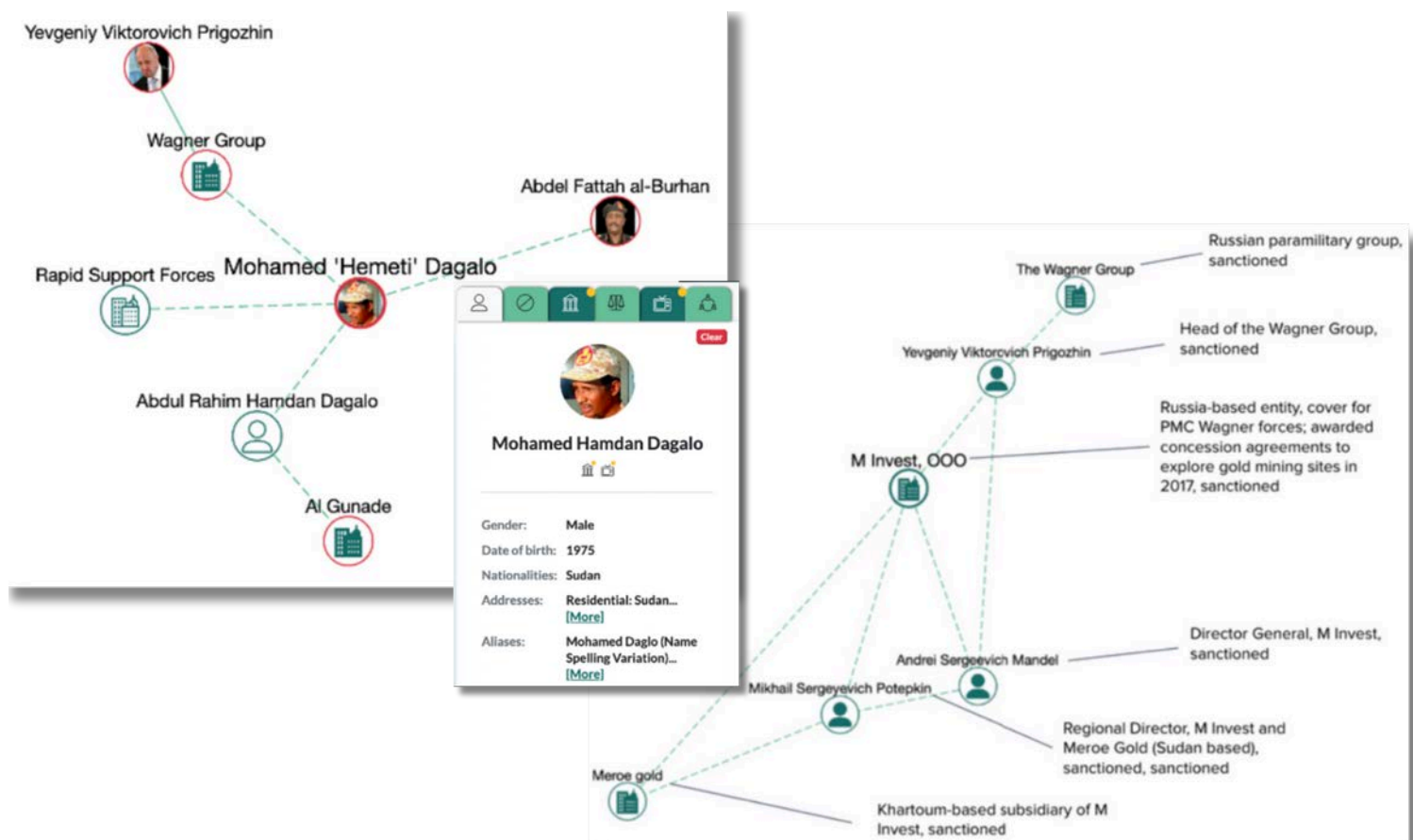
Sudan reflects the often deeply entrenched role of political elites in the gold industry globally and particularly in countries that are heavily dependent on gold and prone to conflict and instability. The country also serves as a powerful example of how the illicit gold trade and entrenched domestic corruption in one country are not isolated issues, but rather deeply connected to broader regional instability and international geopolitical interests. Sudan's mining sector has been linked to Russian private military companies, first and foremost the Wagner Group, and then more recently its replacement the Africa Corps.

The Wagner Group's leader, Yevgeny Prigozhin, had significant personal interests in the gold mining industry in Sudan, with the Bashir regime granting Prigozhin's company "M Invest" concessions to explore gold mining sites. After the military overthrew the Bashir regime, the Wagner Group grew close to Hemedti and took control of gold mines at Jebel Amer. Through the control of these mines, as well as control over a major refinery in the country, the Wagner Group oversaw the smuggling of an [estimated](#) \$2 billion of gold out of the country. The Group's operations in the country were subject to sanctions, with Prigozhin's companies in the country placed under [sanctions](#) by the US government.

The Wagner Group's gold interests in Sudan were heavily implicated in conflict financing and illicit activities, with the group reportedly using the proceeds of both licit and illicit gold mining operations to fund Sudanese military operations as well as other military and paramilitary operations globally. The Group was linked to forced labour practices and other serious human right abuses in Sudan, as well as to illicit transnational criminal networks operating across the region, including arms and drug trafficking.

After Prigozhin's death in 2023 and the subsequent restructuring of Russian political and paramilitary interests in Sudan, the Kremlin has sought to establish new gold interests in the country, including a reported agreement for gold exploration and extraction between Sudan's Ministry of Minerals and the Russian company Zarubezhgeologiya. This indicates that the Africa Corps is likely to follow a similar strategy to the Wagner Group in exploiting both the legal and illegal facets of Sudan's gold industry to advance Russian political and security interests in the region.

Below is a network map showing Russian and Sudanese entities linked to the illicit gold trade. Read up on other key Russian interests in Africa's gold industry in Themis' briefing note, *Gold: More illicit flows following Russia's invasion of Ukraine?* Source: Themis Search



Case Study: Illicit Gold Mining in the Amazon

There has been a dramatic surge in illicit gold mining in many communities of the Amazon rainforest region. A study by Amazon Mining Watch from 2024 using satellite imagery found that deforestation linked to gold mining in the Amazon doubled from 2018 to 2023 alone, with mines widespread across Brazil, Guyana, Suriname, Venezuela, and Peru. This study outlined the incredible environmental toll of illicit gold mining in the region, including the destruction of entire layers of soil that make it almost impossible for the forest to regenerate on its own. The mercury used in mining to separate the gold from ore also creates toxic pools of water. Gold mining in the region has also been linked to major malaria outbreaks, as it creates a mosquito breeding ground that can lead to surges in malaria transmission.

Why Should Companies Care?

A company may be exposed to the illicit gold trade through various channels, including direct physical supply chain risks, where illegal gold enters a company's supply chain through unregulated or unethical sources. Additionally, financial institutions (FIs) specifically can face investment and financial risks, as a client or investment could be linked to illicit gold, such as a gold refinery or mine. Furthermore, partnership risks arise when companies collaborate with suppliers, contractors, or other business partners who may unknowingly or knowingly be linked to the illicit gold trade. Recognising these risks is essential for ensuring regulatory compliance, safeguarding against financial crime, and securing long-term business resilience.



Physical risk – Most businesses are, ultimately, directly or indirectly reliant on natural resources (according to the World Economic Forum, at least 50% of global GDP is reliant on nature), as such, face risks like supply chain disruptions, non-performing loans, asset damage, and stranded assets as a result of environmental crime. The illicit gold trade accelerates resource depletion, which undermines sustainable development. Since economic activities and financial assets depend on these natural resources, FIs face significant risks if ongoing access to these resources is compromised, as the businesses they finance may suffer reduced productivity and resilience.



Regulatory/legal risk – Companies can face significant regulatory and legal risks if implicated in financial crimes associated with the illicit gold trade. This exposure can result in severe penalties, including fines, sanctions, and potential legal action from regulators or law enforcement agencies. With an increasing number of countries looking to improve their AML laws, and a more expansive international regulatory framework, regulations are tightening to combat illicit mining and its connections to illegal financial activities. For instance, in 2024 the UAE's Ministry of Economy temporarily suspended 32 gold refineries for not complying with national AML laws. The initiative was taken due to growing concerns that the gold market has possibly been exploited for financial crimes. According to a statement from the Ministry of Economy, the government has "intensified inspection campaigns" at facilities for financial crimes, particularly money laundering.



Reputational risk – As public awareness of environmental crimes grows, companies risk reputational damage if they are seen to be contributing to or complicit in illegal resource exploitation and environmental degradation. This may lead to adverse media attention, a loss of customer trust, and share value decline. For example, in the first 100 days following the BP Deepwater Horizon oil spill, the company's market cap value dropped 59%. Investigations are increasingly publicising evidence of corporate complicity in illicitly mined minerals including gold. This risk is exacerbated in cases where environmental crime intersects with human rights abuses. Indeed, Apple, Google, Dell, Tesla, and Microsoft were taken to court in 2019 over their role in the deaths of children mining for cobalt in the DRC. Regardless of the relative success of individual cases, litigation nevertheless draws public and press attention to corporate conduct.



Escaping the Illicit Trade: The Need for International Action and Private Sector Due Diligence

There have been praiseworthy initiatives by international NGOs, governments, and private sector actors aiming to curb the illicit gold trade and associated financial crimes. Despite these efforts, illicit networks remain deeply embedded in the global gold economy, leveraging opaque supply chains and weak regulatory environments to launder profits and finance broader criminal enterprises.

To break this cycle, a fundamental shift is required – one that addresses not only enforcement gaps but also the structural incentives that allow illicit actors to thrive. Those across the gold industry should look to promote responsible mining and sourcing at all levels of the industry and should focus on enhancing supply chain transparency and supporting financial infrastructures and business practices that favour legitimate trade. Moreover, financial institutions and other companies must actively assess their exposure to risk and implement robust due diligence measures to prevent unwitting involvement in illicit gold flows.

Looking at ASGM specifically, there is much that can be done to limit the illicit side of ASGM. The international community can support the emergence of an alternative, licit model of ASGM that can compete with the currently embedded illicit structures, through increasing global sourcing of artisanal gold in a sustainable way. International sourcing of artisanal mining is currently stuck in a complex catch-22 situation, which arguably is undermining any real, scalable licit alternatives to the illicit gold trade. In short, to escape from dependency on illicit channels, informal artisanal miners must have the resources to do so, but at this point they depend upon these very illicit channels for such resources.

Addressing the illicit gold trade and its links to financial crime demands more than isolated interventions – it requires systemic change driven by coordinated global action. This action requires heightened awareness across both public and private sector actors, across the gold industry and beyond. While progress has been made, lasting impact will depend on aligning enforcement, market incentives, security and humanitarian efforts, and international sourcing practices to support licit, transparent gold supply chains. Without sustained commitment and strategic collaboration across countries and sectors, the gold industry will continue to serve as a conduit for financial crime rather than a driver of equitable development and legitimate trade.



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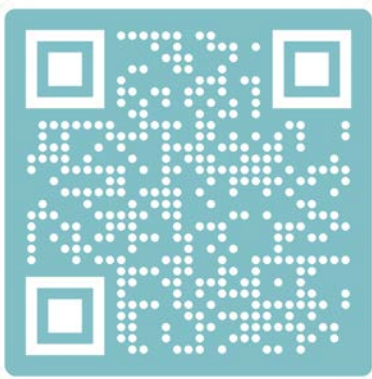
If you would like to talk to us about any of the themes or updates covered in this report, please let us know.

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AMAN helps organisations identify and manage their financial crime risks with a blend of innovation, insight, intelligence and insourcing. We offer a cutting-edge platform that provides deep understanding of strategic threats through an ESG and socio-economic lens. Our platform protects clients, suppliers, and third parties from criminal attacks or association, meeting the stringent requirements of the Ministry of Interior and the Ministry of Justice for SAR and STR submissions. Created and supported by financial crime experts, AMAN is endorsed by the Government of Bahrain.

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