

January 13th, 2015

James Bargent
InSight Crime
American University - Latin American/Latino Studies
4400 Massachusetts Avenue NW
Washington, DC 20016-8137

Dear Mr. James Bargent,

InSight Crime: - RECORD GOLD SEIZURE SHOWS SCALE OF PERU ILLEGAL MINING (the Report), by James Bargent

The purpose of this communication is to express our position on the unsubstantiated assertions and libelous references made about Kaloti Metals & Logistics LLC ('KML', 'we', 'us', 'our') which are detailed in the Report dated January 9th, 2015.

A. Background

We write with respect to our profile, which has been explicitly published in paragraphs 3 and otherwise referenced in the Report.

Whilst we appreciate the good work undertaken by your organization and fully support your efforts undertaken to preserve Peru's natural habitat and promote responsible sourcing of precious metals from the region, we write to you to express our grave concerns regarding the misuse of our name and inclusion of factually incorrect information with the Report, which is causing significant harm and detriment to our business.

B. Key Issues

1. Kaloti Metals & Logistics LLC is an independently owned and operated US-Florida Corporation. As a US-Florida Corporation, KML is subject to and must comply with federal and state regulations including the Bank Secrecy Act, the USA Patriot Act, and the Office of Foreign Assets Control OFAC regulatory requirements. KML can proudly and unequivocally state that it has successfully undergone independent third-party compliance auditing by ACAMS certified specialists who have deemed KML to be fully compliant with all the applicable requirements of laws and regulations within the USA. The Report did not take our Fully Compliant Status into account and has inaccurately associated KML with illegal mining operations in Peru.

2. You have wrongfully established in paragraphs 1 to 4 of the Report that Kaloti Metals & Logistics LLC was engaged in importing illegal gold. This constitutes a false allegation and does not reflect our opinion on the matter. As the information on Kaloti Metals & Logistic LLC was neither solicited nor discussed and confirmed with us prior to inclusion into the Report, we are of the view that the Report reflects a partial view of the matter and has the intention of damaging our reputation and financial standing.
3. You referenced a flawed, incomplete, and outdated (over a year old) report in paragraph 3, line 2 by Peruvian newspaper El Comercio in order to deduce an untrue and unsubstantiated conclusion statement in paragraph 9, lines 2 to 7: **“Companies such as those awaiting the shipment in the United States and Italy are technically required to monitor the supply chain and ensure the legality of the shipment, but in reality accept whatever spurious evidence of origin offered. Once in the hands of these foreign companies, the gold is melted down alongside legally sourced gold, disappearing into the global market”**; thereby falsely incriminating Kaloti Metals & Logistics LLC of being associated with illegal gold of Peruvian origin. Please note that KML only purchases gold from licensed and government approved exporters in Peru and maintains proper documentation supporting the fact that all precious metals imported by KML to date have met all legal requirements of both the USA and the country of origin including customs and airport authorities – in Peru. Moreover, we only engage in business activity with companies who have fulfilled our compliance requirements (which include source of gold verification and admissibility) and who possess the proper licensing and accreditations in order to legally engage in such business activity. Licensing and accreditations are subject to regulation, review, and, most importantly, enforcement by the appropriate government entities in the country of origin, such as Peru. The Report fails to take such key facts into account prior to associating KML with illegal mining operations in Peru.
4. In light of the above observations, we stand convinced that the Report is a classic example of irresponsible reporting as it is inaccurate, biased, and has the intention of wrongfully incriminating and defaming Kaloti Metals & Logistics LLC. and has already caused irreparable damages to our reputation, financial standing, and employees. Also, the Report is a clear violation of all journalism rules and regulations that apply on you and InSight Crime.

C. Our Demands

5. In order to immediately stop damages to our reputation and financial standing, and in the spirit of impartial and ethical reporting, we urgently demand that you confirm that you will: (a) Immediately stop defaming us by issuing an apology letter for wrongfully incriminating Kaloti Metals & Logistics LLC and post the same on the main page of your website; (b) Update the report by removing all references alleging Kaloti Metals & Logistics LLC of directly or indirectly purchasing gold from any illegal mining operation; (c) Include a supporting statement in the updated report that “the changes pertaining to Kaloti Metals & Logistics LLC were deleted due to factual inaccuracies”; and (d) Re-

distribute the updated report to all your distribution base with a separate note mentioning the changes and the reasons behind them and the same to be copied to us.

D. Next Steps

6. If we do not receive your confirmation as set out in the above paragraph 5 followed by immediate compliance with our demands by January 20, 2015 we will initiate legal proceedings in the United States and/or other jurisdictions as appropriate and take all legal measures, not limited to an application for injunctive relief, to best protect our interests.
7. We trust that this matter can be resolved without the need for legal action but we would like to stress that we will strenuously pursue this matter unless you respond favorably as referred above.
8. We fully reserve all our rights to seek damages in this regard and we look forward to your urgent response and action.

Sincerely,

Awni Kaloti
Managing Director

CC:

Steven Dudley - Co-Director, InSight Crime - American University - Center for Latin American & Latino Studies

Jeremy McDermott – Co-Director, InSight Crime

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