Press Release

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WLF Criticizes SEC's Conflict Minerals Rule for Costing Lives in Africa—and Not Reducing Violence

(In re: Conflict Minerals Rule)

> **"The human cost of this American regulatory tragedy is unacceptably high, and it must be stopped at once. However well-intentioned in theory, the rule promotes violence and causes misery in these communities. SEC should abolish the Conflict Minerals Rule immediately."**
> **— Mark Chenoweth, WLF General Counsel**

WASHINGTON, DC—Washington Legal Foundation filed comments with the U.S. Securities and Exchange Commission last Friday evening over SEC's so-called Conflict Minerals Rule. WLF filed the comments in response to SEC Acting Chairman Michael Piwowar's January 31 request for input regarding the agency's reconsideration of its implementation of the Conflict Minerals Reporting Requirements of § 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). WLF originally objected to the conflict minerals rule in 2011, chiefly on First Amendment grounds. The U.S. Court of Appeals for the District of Columbia Circuit upheld those objections, but WLF now seeks full repeal because the rule is costing lives.

The implementation of § 1502 has proved an unmitigated failure. After militias had killed countless local citizens in the Democratic Republic of Congo in fights over mining territories and profits, Congress thought that reducing demand for "conflict minerals" like tin, tantalum, and tungsten would reduce violence in the DRC mining communities where these minerals originate. Section 1502 of Dodd Frank was conceived as a 'name and shame' law that would discourage companies from sourcing their raw material from mines in the conflict region, at the admitted price of placing public U.S. companies at a disadvantage in the global marketplace.

The high costs of rule compliance (and low certainty about which mines are conflict free) have led companies to avoid all mines in the DRC region, even those not controlled by militias. The drop in demand has had devastating effects. As detailed in WLF's comments, militias that used to provide protection and operate as stationary bandits exacting a share of mining profits have turned to roving banditry instead, looting and pillaging villages and increasing violence there.

According to studies cited by WLF, looting in affected territories has increased 176% since Dodd-Frank. Infant mortality rates have risen at least 143%. Poverty and unemployment have increased, and parents have removed their children from school for financial reasons. Many unemployed miners (and their sons) have even joined the militias as a means of survival, perpetuating the bloodshed. The rule is having the exact opposite effect Dodd-Frank intended.

Celebrating its 40th year, WLF is America's premier public-interest law firm and policy center advocating for free-market principles, limited government, individual liberty, and the rule of law.

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