

## [Securities Regulation Daily Wrap Up, FRAUD AND MANIPULATION —E.D.N.Y.: SEC charges Brazilian mining company with misleading investors about safety prior to deadly dam collapse, \(Apr. 28, 2022\)](#)

Securities Regulation Daily Wrap Up

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By Elena Eyber, J.D.

Brazilian mining company manipulated safety audits and obtained fraudulent stability certificates to assure investors of the safety of the dam.

The SEC filed a complaint in the federal district court in New York, charging Vale S.A., a publicly traded Brazilian mining company and one of the world's largest iron ore producers, with making false and misleading claims about the safety of its dams prior to the January 2019 collapse of its Brumadinho dam. The collapse killed 270 people, caused immeasurable environmental and social harm, and led to a loss of more than \$4 billion in Vale's market capitalization ([SEC v. Vale S.A.](#), April 28, 2022).

According to the SEC's complaint, beginning in 2016, Vale manipulated multiple dam safety audits; obtained numerous fraudulent stability certificates; and regularly misled local governments, communities, and investors about the safety of the Brumadinho dam through its environmental, social, and governance (ESG) disclosures. The SEC's complaint also alleges that, for years, Vale knew that the Brumadinho dam, which was built to contain potentially toxic byproducts from mining operations, did not meet internationally-recognized standards for dam safety. However, Vale's public Sustainability Reports and other public filings fraudulently assured investors that the company adhered to the "strictest international practices" in evaluating dam safety and that 100 percent of its dams were certified to be in stable condition.

The SEC's complaint charges Vale with violating antifraud and reporting provisions of the federal securities laws and seeks injunctive relief, disgorgement plus prejudgment interest, and civil penalties.

The case is [No. 1:22-cv-02405](#).

Attorneys: Derek Bentsen for the SEC.

Companies: Vale S.A.

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