

NATIONAL LAW ON INTEGRITY, HUMAN PROTECTION, AND AUDIOVISUAL TRANSPARENCY

(AV-GRC LAW 12)

SECTION 1. SHORT TITLE

This Act may be cited as:

“Audiovisual Integrity, Transparency, and Public Funds Protection Act”

TITLE I: GENERAL PROVISIONS, DEFINITIONS, AND GOVERNING PRINCIPLES

Article 1.1: Purpose of the Law

This regulation establishes a regime of transparency, financial integrity, and labor protection applicable exclusively to the use of public funds, tax incentives, and state benefits in the audiovisual industry.

It does not regulate the creative, artistic, or expressive content of works, except strictly necessary for the administration of public resources.

Article 1.2: Principle of Content Neutrality

No provision of this law may be interpreted as:

- a) censorship of artistic expression,
- b) regulation of narrative content of audiovisual works, or
- c) restriction of creative freedom protected by the First Amendment.

Article 1.3: Definition of “Public Funds”

Public funds shall be understood as:

- a) state or federal subsidies,
- b) transferable or non-transferable tax credits,
- c) economic incentives granted by governmental entities,
- d) funds administered by organizations with state participation.

Article 1.4: Definition of “Subsidized Audiovisual Production”

Any audiovisual work that receives directly or indirectly public funds, including stages of:

development
pre-production
production
post-production

Article 1.5: Definition of “Financial Traceability”

Financial traceability is understood as the ability to identify:

- a) origin of funds,
- b) transfer route, and
- c) final recipient of resources.

Article 1.6: Definition of “Informed Consent”

Consent granted in a:

- a) free manner,
- b) prior manner,
- c) documented manner, and
- d) without undue economic conditioning or contractual coercion.

Article 1.7: Definition of “Verifiable Economic Coercion”

Verifiable economic coercion shall be understood only when one or more of the following objective elements occur:

- a) Explicit contractual condition

When access to employment, financing, or labor continuity is formally conditioned to acceptance of personal conduct not essential for job execution.

- b) Absence of documented reasonable alternative

When the artist does not have a real possibility of refusing the condition without automatic loss of employment, and without access to an equivalent role within the same project or production.

- c) Verifiable extreme contractual power imbalance

When adhesion contracts exist without possibility of negotiation or clauses of full acceptance without prior review of sensitive conditions.

- d) Lack of independent documented consent

When there is no separate and verifiable record of specific consent for sensitive scenes or acts.

Article 1.8: Definition of “Audiovisual Tax Incentive”

Economic benefit granted by a jurisdiction with the purpose of promoting audiovisual production, subject to audit, regulatory compliance, and financial traceability.

Article 1.9: Definition of “Competent Authority”

Administrative body responsible for supervision, auditing, and enforcement of this law, with non-judicial functions and subject to judicial review.

Article 1.10: Due Process Principle

All sanctions, audits, or restrictions must respect:

- a) prior notification,
- b) right of defense,
- c) independent review, and
- d) access to judicial control.

Article 1.11: Principle of Proportionality

All administrative measures or sanctions must be:

- a) adequate to the objective of the law,
- b) necessary for compliance, and
- c) proportional to the severity of the proven fact.

Article 1.12: Restrictive Interpretation Clause

In case of interpretative doubt, this law shall be interpreted:

- a) restrictively in sanctioning matters, and
- b) broadly in rights and guarantees.

Article 1.13: Principle of Distribution of Powers

The functions established in this law shall be exercised as follows:

- a) Technical bodies, including the Audiovisual Integrity Bureau (AIB), shall have exclusively analytical, expert, and assistance functions, without sanctioning or executive powers.
- b) The competent authority shall be the only one empowered to initiate administrative proceedings, issue regulatory measures, and propose actions under applicable regulations.
- c) Sanctions, enforcement measures, or impacts on economic rights may only be applied through a reasoned decision and, where applicable, with judicial intervention.

TITLE II — DEFINITIONS (CONSOLIDATED VERSION)

Article 2.1: Scope of Definitions

The definitions of this Title apply exclusively to the administration, auditing, traceability, and control of the use of public funds, tax incentives, and state benefits in the audiovisual industry of the United States.

Under no circumstances may these definitions be interpreted as regulation of the creative, narrative, or artistic content of audiovisual works.

Article 2.2: Public Funds

“Public funds” shall be understood as all financial allocations from federal, state, or local entities, including:

- a) subsidies
- b) grants
- c) transferable or non-transferable tax credits
- d) incentive programs
- e) any indirect public financing mechanism

Article 2.3: Tax Incentives

“Tax incentives” shall be understood as any economic benefit granted by the State intended to reduce, offset, or reimburse audiovisual production costs.

Article 2.4: Subsidized Audiovisual Production

“Subsidized audiovisual production” shall be understood as any work that receives public funds or tax incentives at any stage:

- a) development
- b) pre-production
- c) production
- d) post-production
- e) distribution when linked to public financing

Article 2.5: Financial Traceability

“Financial traceability” shall be understood as the verifiable ability to track:

- a) origin of funds
- b) transfer routes
- c) final beneficiary of resources

through accounting documentation, contractual documentation, and auditable records.

Article 2.6: Consent

“Consent” shall be understood as any manifestation of will that is:

- a) free
- b) informed
- c) prior

- d) documented
- e) not conditioned to obtaining or maintaining employment or financing

Article 2.7: Operational Application of Verifiable Economic Coercion

For audit and administrative purposes, the existence of verifiable economic coercion shall be evaluated in accordance with the definition established in Article 1.7.

The competent authority may consider as operational indicators, without limitation:

- a) existence of significant contractual dependency
- b) absence of reasonable labor alternatives
- c) conditions linking financing with acceptance of non-essential terms
- d) lack of verifiable independent consent

These indicators do not constitute a redefinition of the concept, but technical evaluation criteria for its application.

Article 2.8: Financial Triangulation

“Financial triangulation” shall be understood as any structure that uses intermediaries to:

- a) conceal the final destination of public funds
- b) artificially fragment expenses
- c) divert tax incentives to undeclared entities

Article 2.9: Competent Authority

“Competent authority” shall be understood as the administrative body responsible for:

- a) receiving audit reports
- b) initiating administrative proceedings
- c) coordinating with federal agencies
- d) referring cases to judicial authority

Article 2.10: Judicial Authority

“Judicial authority” shall be understood as any competent court in the United States empowered to:

- a) authorize sanctions
- b) order recovery of funds
- c) resolve disputes under due process

Article 2.11: Audiovisual Integrity Bureau (AIB)

The “Audiovisual Integrity Bureau (AIB)” is a technical body exclusively analytical in nature.

Its functions include:

- a) analysis of financial traceability
- b) technical auditing of audiovisual infrastructure
- c) issuance of non-binding reports

The AIB does not possess sanctioning or jurisdictional authority.

Article 2.12: CGI Technical Output

“CGI technical output” shall be understood as any digitally generated visual material whose performance can be verified through:

- a) system logs
- b) energy consumption
- c) rendering metrics
- d) production pipeline

Article 2.13: Final Beneficiary

“Final beneficiary” shall be understood as the natural person who directly or indirectly controls or benefits from an entity receiving public funds or tax incentives.

TITLE III: FUNDING ELIGIBILITY, PRIVACY PROTECTION, AND ARTISTIC SAFETY STANDARDS

Article 3.1: Principle of Content Neutrality

This regulatory framework does not regulate, restrict, or prohibit the creative, narrative, or artistic content of audiovisual works.

The provisions of this Title are limited exclusively to the allocation, use, and oversight of public funds, tax incentives, or tax benefits.

Article 3.2: Eligibility Conditions for Public Funding

The following shall not be eligible for public funding, subsidies, or tax incentives:

- a) Activities involving non-simulated physical contact between performers in scenes of an intimate nature, where there is no documented informed consent and safety protocols.
- b) Productions that do not have a certified Intimacy Coordination Protocol in accordance with recognized industry standards.

Article 3.3: Mandatory Intimacy Protocol

Any production receiving public funds shall have:

- a) a certified intimacy coordinator
- b) documented informed consent prior to filming sensitive scenes
- c) a verifiable record of agreement of the involved performers

Article 3.4: Protection Against Economic Coercion

The existence of possible coercion shall be presumed when:

- a) consent is conditioned upon funding approval or hiring
- b) reasonable contractual alternatives for the performer do not exist

In such cases, the competent authority may require review of the labor agreement, without this implying prohibition of artistic content.

Article 3.5: Use of Public Funds in Intimate Scenes

Public funds, tax incentives, or tax benefits:

- a) may not be conditioned upon mandatory participation of performers in intimate scenes
- b) may only cover costs associated with safety, coordination, and compliance with professional protocols

Article 3.6: Validity of Consent

Consent shall be valid only if:

- a) it is granted in a free, informed, and verifiable manner
- b) it is not conditioned upon obtaining or maintaining employment or financing
- c) it may be revoked in accordance with established contractual terms

Article 3.7: Non-Discrimination by Content

Access to public funding may not be denied solely on the basis of the theme, genre, or artistic nature of the work.

Evaluation shall be based exclusively on technical, financial, and regulatory compliance criteria.

TITLE IV: INTERMEDIARY LIABILITY, AGENCIES, AND FINANCIAL TRANSPARENCY

Article 4.1: Principle of Liability for Proven Conduct

Representation agencies, production companies, and financial intermediaries shall be liable only for their own duly proven acts, including:

- a) financial fraud
- b) manipulation of contracts or budgets
- c) diversion of public funds or tax incentives

Liability shall not be automatic nor derived solely from contractual relationships with third parties.

Article 4.2: Prohibition of Public Funds Triangulation

It is prohibited to structure financing schemes involving:

- a) indirect transfer of tax incentives to related entities without commercial justification
- b) use of intermediaries to conceal the final destination of public funds

All financial structures must be traceable and auditable.

Article 4.3: Regulation of “Packaging Fees”

Agencies may charge fees for representation or project structuring services only when:

- a) such fees are clearly specified in contract
- b) they do not originate directly from public funds without authorization and transparency
- c) they are proportional to the service actually provided

Article 4.4: Liability of Executives (Piercing the Corporate Veil Exception)

Personal liability of executives, partners, or administrators may only be established when it is proven that:

- a) intentional fraud occurred
- b) commingling of personal and corporate assets exists
- c) the entity was used to conceal unlawful activities or diversion of public funds

In such cases, piercing the corporate veil may apply under applicable legal standards.

Article 4.5: Transparency in Co-Production Structures

All national or international co-productions receiving tax benefits shall:

- a) disclose the complete ownership and financing structure
- b) identify beneficial ownership
- c) maintain auditable records of fund flows

Article 4.6: Limitation of Liability for Third Parties

Agencies and producers shall not be liable for conduct of third parties (including performers, technicians, or subcontractors), unless:

- a) they participated in the planning or execution of the irregular conduct
- b) they had actual knowledge and failed to act within their sphere of control

Article 4.7: Prohibition of Evasion Through International Structures

Geographic location or international structures shall not be used to:

- a) evade transparency obligations linked to U.S. public funds
- b) conceal beneficial owners of tax incentives granted by U.S. jurisdictions

Article 4.8: Due Process in Sanctions

All administrative or financial sanctions shall:

- a) be preceded by formal investigation
- b) guarantee the right of defense
- c) be subject to judicial review

TITLE V: FINANCIAL AUDIT, DISQUALIFICATION, AND RISK REGISTRY

Article 5.1: Audiovisual Financial Risk Registry

A National Registry of Audiovisual Risk Entities is hereby created and administered by the competent authority.

Entities shall be included where, after a formal audit, they present verified indications of:

- a) improper use of public funds or tax incentives,
- b) accounting manipulation in production budgets,
- c) lack of traceability in the use of development resources.

Inclusion in the registry shall not constitute a criminal sanction, but an administrative measure of control and monitoring.

Article 5.2: Limited Historical Audit

Authorities may conduct audits on productions up to ten (10) years prior exclusively for purposes of:

- a) accounting verification,
- b) detection of tax fraud or diversion of public funds,
- c) recovery of improperly obtained tax benefits.

Article 5.3: Prohibition of Retroactive Criminal Sanctioning

No natural or legal person may be criminally sanctioned for conduct that did not constitute an offense at the time it was committed.

The provisions of this Title shall have no retroactive criminal effect.

Article 5.4: Recovery of Improper Public Funds

When an audit determines fraud, falsification, or improper use of public funds, the competent authority may order:

- a) reimbursement of improperly obtained tax incentives,
- b) fines proportional to the verified economic harm,
- c) interest and surcharges in accordance with applicable tax regulations.

Article 5.5: Administrative Disqualification

Entities responsible for proven fraud may be disqualified from accessing future tax incentives or public subsidies for a determined period.

Such disqualification shall be:

- a) proportional to the severity of the violation,
- b) established through due process,
- c) subject to judicial review.

Article 5.6: Limited Liability and Proven Fraud

Personal liability of executives or representatives shall only be established when:

- a) direct participation in fraud or accounting manipulation is proven,
- b) abuse of legal entity structure to conceal diversion of funds,
- c) direct personal benefit derived from the irregularity.

Article 5.7: No Automatic Confiscation

No recovery measure may be executed without:

- a) a reasoned administrative determination, and
- b) judicial review or possibility of appeal.

Article 5.8: Principle of Indicia and No Presumption of Liability

The detection of technical, accounting, or financial inconsistencies shall constitute only an indication that authorizes the initiation of a review or audit process.

Such inconsistencies:

- a) do not imply automatic presumption of violation,
- b) do not generate sanctions without prior procedure,
- c) must be evaluated based on verifiable evidence within due process.

TITLE VI: AUDIOVISUAL INTEGRITY BUREAU (AIB)

Article 6.1: Nature

The Audiovisual Integrity Bureau (AIB) is a specialized technical entity attached to the Department of Commerce or the Internal Revenue Service (IRS), responsible for providing technical assistance in audits of audiovisual tax incentives.

Article 6.2: Functions

The AIB shall have exclusively technical functions:

- a) support for financial audits of tax incentives
- b) preparation of non-binding technical reports
- c) establishment of traceability and audiovisual verification standards

Article 6.3: Limits of Authority

The AIB:

does not possess sanctioning authority
does not exercise judicial functions
may not impose fines or confiscations

Article 6.4: Federal Coordination

The AIB may coordinate with:

Internal Revenue Service (IRS)
Department of Justice (DOJ)
Securities and Exchange Commission (SEC)
Financial Crimes Enforcement Network (FinCEN)

Article 6.5: Mandatory Escalation

When the AIB identifies reasonable indications of:

- a) financial fraud
- b) diversion of public funds
- c) manipulation of tax incentives
- d) systematic evasion structures

it shall be mandatory to refer the case to the competent authority for evaluation and investigation under its legal framework.

Article 6.6: Due Process

All actions derived from AIB reports shall be subject to:

- a) formal administrative procedure
- b) right of defense
- c) review by competent authority
- d) judicial oversight where applicable

TITLE VII: AUDIOVISUAL FINANCIAL INTEGRITY MECHANISM

EMERGENCY CLAUSES AND PROTECTION OF FINANCIAL AND ARTISTIC INTEGRITY

Article 7.1: Determination of Verifiable Technical Discrepancy in VFX

A possible irregularity shall be deemed to exist when a production presents a discrepancy greater than seventy percent (70%) between:

- a) declared expenditure on visual effects (CGI/VFX), and
- b) objective technical indicators of actual digital production workload performed.

The evaluation shall be based exclusively on:

documented energy consumption of rendering systems,
verifiable computational processing logs,
recorded computation time by software,
industry comparative standards for equivalent work,
certified independent technical expert reports.

Under no circumstances shall this evaluation be based on subjective artistic or narrative assessment of the work.

Article 7.2: Administrative Consequences

Once the discrepancy is determined:

- a) the Ethical Origin Certificate shall be revoked
- b) the production shall lose eligibility for present and future tax incentives
- c) a comprehensive review of contracts and public fund usage shall be initiated

Article 7.3: Principle of Legality in Economic Measures

Any withholding or redistribution of income derived from an audiovisual work shall be:

- a) expressly ordered by competent authority
- b) based on verifiable technical and financial evidence
- c) subject to judicial review with due process rights for all parties

Such measures may not be executed automatically or administratively without a reasoned decision.

Article 7.4: Judicial Review of Image Rights Assignment

Termination of image rights or commercial exploitation contracts may only be declared through:

- a) determination by competent authority, and
- b) judicial or arbitral review under applicable law

Such review may be requested when:

breach of informed consent conditions is verified, or
use of image is linked to irregular financing schemes duly determined

If resolved in favor of the artist:

future commercial use of the image shall be limited
without affecting previously exploited rights of good-faith third parties

Article 7.5: Liability of Intermediaries

Representation agencies and other intermediaries may be held jointly liable when it is proven that:

they participated in irregular financial structuring, or
they obtained benefits derived from diverted funds

Personal liability of executives shall only apply in cases of:

proven fraud,
abuse of corporate structure, or
situations justifying piercing of the corporate veil under applicable law

Article 7.6: Due Process Guarantees

All measures under this Title shall:

be ordered by competent authority
respect the right of defense
be based on verifiable technical evidence

Automatic application of sanctions without prior judicial review is prohibited.

Article 7.7: Technical Evaluation Standard and Neutrality Guarantee

The determination of discrepancies shall:

- a) be based on at least two independent certified expert reports
- b) use comparative methodologies with equivalent productions
- c) exclude any evaluation of narrative, artistic, or thematic content

Judicial decisions shall be based exclusively on:

verifiable technical evidence
audited financial documentation
objective industry standards

Article 7.8: Condition of Access to Public Benefits

The measures under this Title shall apply exclusively as a condition for:

access, maintenance, or renewal of tax incentives,
federal or state subsidies,
commercial eligibility certifications linked to public funding

Article 7.9: Nature of Measures

The actions established under this regime:

do not constitute automatic criminal sanctions
do not imply permanent confiscation without final judgment
are considered financial protection and restitution mechanisms

Article 7.10: Safe Harbor Clause

No sanctions, restrictions, or recovery measures shall be imposed where a regulated entity demonstrates, in a verifiable manner, that:

- a) it acted in good faith in compliance with the requirements of this Title
- b) it maintained reasonable technical and financial records in accordance with industry standards
- c) it fully cooperated with audits, inspections, or requests of the competent authority

Article 7.11: Presumption of Good Faith

Good faith shall be presumed where:

- a) financial and technical traceability systems compatible with standard industry practice are implemented
- b) there is no indication of intentional data manipulation
- c) detected discrepancies are consistent with reasonable technical production margins

Article 7.12: Administrative Correction Instead of Sanction

When minor or unintentional inconsistencies are detected, the competent authority shall prioritize:

- a) administrative correction of records
- b) accounting regularization of the project
- c) submission of supplementary documentation

Sanctions shall apply only in cases of fraud, intent, or proven manipulation.

Article 7.13: Protection of Good Faith Third Parties

Corrective or financial measures shall not affect third parties who:

- a) did not participate in the structuring of the irregular scheme, and
- b) acted under valid contracts without knowledge of irregularities

Article 7.14: Principle of Audiovisual Investment Stability

The application of this Title shall preserve the stability of the audiovisual investment ecosystem, avoiding regulatory effects that:

- a) discourage legitimate investment, or
- b) indirectly penalize technically compliant projects

Article 7.15: Coordination with Fund Recovery Regime

The economic measures under this Title shall be coordinated with recovery mechanisms established in Title V.

In no case shall there be duplication of recovery of public funds or economic burdens arising from the same fact.

All measures shall take into account amounts already returned, withheld, or compensated in other related procedures.

TITLE VIII: TRANSPARENCY OF LARGE STUDIOS AND AUDIOVISUAL PLATFORMS

Article 8.1: Principle of Commercial Neutrality

The provisions of this Title shall not interfere with:

the freedom of artistic expression,
content selection by studios or platforms,
nor private editorial or creative decisions.

Regulation is limited exclusively to activities financed with public funds or tax incentives.

Article 8.2: Obligation of Transparency in Tax Incentives

Studios, production companies, and platforms receiving tax incentives shall submit:

- a) detailed report of the use of received funds,
- b) breakdown of expenditures by category (production, VFX, logistics, talent),
- c) identification of main contractors linked to public financing.

Article 8.3: Prohibition of Indirect Use of Public Funds

Tax incentives may not be used to:

- a) finance technological infrastructure not linked to the specific production,
- b) subsidize commercial operations unrelated to the declared project,
- c) transfer resources to entities not included in the approved budget without audited justification.

Article 8.4: Audit of Actual Execution

The competent authority may verify correspondence between:

declared budget, and
actual execution of the project.

Such audit may include:

review of main contracts,
analysis of operational expenses,
verification of production milestones.

Article 8.5: Transparency in Corporate Structures

Studios and platforms shall disclose:

- a) beneficial ownership,
- b) corporate control structure,
- c) related entities participating in project execution.

Article 8.6: Condition for Access to Public Benefits

Non-compliance with transparency obligations may result in:

- a) loss of eligibility for future tax incentives,
- b) temporary suspension of benefits under review,
- c) obligation to correct financial reports.

Article 8.7: Prohibition of Double Accounting of Incentives

It is prohibited to declare the same expense or infrastructure:

- a) in multiple projects simultaneously, or
- b) as an independent cost when it has already been financed with public funds.

Article 8.8: Due Process and Judicial Review

Any sanction or exclusion from benefits must:

- a) be based on verifiable evidence,
- b) be formally notified to the affected entity,
- c) be subject to judicial review.

TITLE IX: TECHNOLOGICAL SECURITY AND DIGITAL INFRASTRUCTURE AUDIT

Article 9.1: Mandatory Technical Record of Digital Production

Any entity requesting tax incentives for CGI/VFX expenditures shall maintain a continuous technical record including:

- a) energy consumption of processing centers used,
- b) activity logs of rendering and simulation software,
- c) hardware identification via serial numbers (GPU, servers, nodes),
- d) effective processing times associated with the declared work.

These records shall be retained for a minimum period of five (5) years and made available for audit.

Article 9.2: Technical Reconciliation System

The competent authority may perform reconciliation processes between:

declared fiscal expenditure on CGI/VFX,
and verifiable technical capacity used in production.

Evaluation shall be based on:

industry standard performance metrics,
estimated energy consumption by processing type,
comparison with equivalent productions at scale.

Article 9.3: Threshold of Substantial Inconsistency

A significant deviation between:

declared resources, and
verifiable technical activity

shall constitute an indication of irregularity under technical regulatory parameters.

Such inconsistency shall not constitute automatic infringement, but shall trigger a review process.

Article 9.4: Technological Audit Procedure

Upon detection of inconsistencies:

- a) a formal technical audit shall be initiated,
- b) the audited entity shall have the right to submit additional documentation,
- c) independent experts specialized in VFX and digital processing may be appointed.

All conclusions shall be based on verifiable technical evidence.

Article 9.5: Physical Inspection and Asset Traceability

The authority may:

physically verify declared hardware,
audit its location and operational status,
confirm correspondence with submitted records.

Full traceability of equipment used in subsidized projects shall be guaranteed.

Article 9.6: Determination of Misuse

Misuse of resources shall be deemed to exist where, through substantiated audit, it is determined that:

publicly funded infrastructure was substantially used for undeclared purposes, or
processing capacity was diverted in a manner incompatible with the subsidized project.

Article 9.7: Sanctions

Sanctions may only be applied upon reasoned decision and may include:

- a) total or partial loss of tax benefits,
- b) proportional fines to economic harm,
- c) confiscation of technological assets in cases of proven fraud,
- d) temporary disqualification from incentive programs.

Article 9.8: Principle of Content Neutrality

The provisions of this Title:

do not evaluate the creative content of the work,
do not establish restrictions based on artistic or thematic nature.

Supervision is limited exclusively to the use of public resources and technical consistency of execution.

NOTE

Technical annex shall be created with these data.

TITLE X: FINANCIAL TRANSPARENCY, PAYMENT FLOWS, AND INCENTIVE CONTROL

Article 10.1: Principle of Financial Interoperability

The provisions of this Title do not restrict the use of banking systems, payment processors, or financial institutions legally authorized in the United States.

Its purpose is to ensure traceability of public funds without interfering with federally regulated financial infrastructure.

Article 10.2: Obligation of Traceability of Tax Incentives

Any production receiving public funds shall ensure that:

- a) tax incentives are deposited in identifiable and auditable bank accounts,
- b) each transfer of funds can be traced to its final recipient,
- c) a detailed accounting record of its use is maintained.

Article 10.3: Separation of Public and Private Funds

Funds derived from tax incentives shall:

- a) remain separated from non-subsidized private operating capital,
- b) not be mixed in accounting structures that prevent auditability,
- c) be used exclusively for the approved project.

Article 10.4: Prohibition of Financial Concealment

Administrative non-compliance shall include:

- a) creation of structures intended to conceal the destination of public funds,
- b) artificial fragmentation of payments to avoid auditing,
- c) omission of final beneficiaries in relevant transactions.

Article 10.5: Audit of Financial Flows

The competent authority may require:

- a) complete financial statements of the project,
- b) transfer history related to public funds,
- c) documentation of contracts with main suppliers.

Article 10.6: Control of International Transfers

Where international transfers linked to public funds exist:

- a) they must be fully justified within the project framework,
- b) they must comply with applicable U.S. tax and reporting regulations (including AML/KYC),
- c) they shall be subject to enhanced audit.

Article 10.7: Prevention of Financial Fraud

Detection of:

inflated billing,
cost duplication,
or diversion of subsidized funds

shall trigger an administrative review procedure in accordance with Title V.

Article 10.8: Financial Due Process

No sanction, restriction, or exclusion from benefits may be applied without:

- a) formal notification,
- b) opportunity for response by the audited subject,
- c) review by competent authority and access to judicial oversight.

Article 10.9: Cooperation with Federal Authorities

The Audiovisual Integrity Authority shall cooperate with:

Internal Revenue Service (IRS),
Financial Crimes Enforcement Network (FinCEN),
Department of Justice (DOJ),

where there are indications of fraud, money laundering, or tax evasion.

TITLE XI: HISTORICAL FISCAL OVERSIGHT AND ACCOUNTABILITY

Article 11.1: Audit of Funding Trajectory and Incentive Gains

Any representation agency or production company requesting new state incentives shall undergo a mandatory audit of operations from the last five (5) years.

This audit shall determine:

the real relationship between incentive funds received and completed projects,
the breakdown of corporate profits versus residual payments to involved artists,
traceability of tax credits used to detect possible budget inflation in pre-production or CGI stages.

Sanction

Failure to comply or detection of inconsistencies in the use of public funds shall result in:

permanent disqualification from operating with state tax credits, and
classification of the agency as a “High Financial Risk Entity”.

TITLE XII: COMPREHENSIVE PROTECTION PROTOCOL FOR AUDIOVISUAL ARTISTS

Article 12.1: Mandatory Safety and Intimacy Protocol

Any production receiving public funds shall implement a Safety and Intimacy Protocol including:

- a) designation of a certified intimacy coordinator,
- b) prior documentation of informed consent for sensitive scenes,
- c) verifiable record of artist agreement prior to filming such scenes.

This protocol aims to protect artist welfare and prevent labor conflicts.

Article 12.2: Prohibition of Economic Conditioning of Consent

Artist consent may not be:

- a) a mandatory condition for employment or funding, nor
- b) an implicit requirement for contractual continuity without reasonable alternatives.

Any consent must be free, informed, and revocable under applicable law.

Article 12.3: Protection Against Labor Coercion

An indication of possible coercion shall exist when:

- a) there is significant contractual power imbalance, or
- b) refusal of certain conditions results in automatic loss of employment opportunities.

In such cases, the competent authority may require review of the contractual agreement.

Article 12.4: Mandatory Psychological Support

Productions funded by public resources shall ensure:

- a) access to psychological assistance during filming, and
- b) availability of post-production support for a reasonable period defined by regulation.

Article 12.5: Protection of Professional Integrity

No artist may be sanctioned, excluded, or penalized for:

- a) exercising the right to refuse non-essential working conditions, or
- b) reporting violations of safety protocols established in this Title.

Article 12.6: Non-Interference with Private Contractual Freedom

The provisions of this Title:

- a) do not regulate private contracts not funded with public resources, and
- b) do not affect freedom of contract outside the scope of tax incentives.

Article 12.7: Safety Compliance Record

Productions shall maintain verifiable compliance records of this Title, available for audit by the competent authority.

Article 12.8: Due Process in Labor Disputes

Any dispute arising under this Title shall be resolved through:

- a) prior administrative procedures, and
- b) judicial review where applicable.

Article 12.9: Reference to General Definition

All references to economic coercion in this Title shall be interpreted in accordance with Article 1.7

TITLE XIII: INDIVIDUAL LIABILITY, COERCIVE ENVIRONMENTS, AND FINAL PROVISIONS

Article 13.1: Participation in Financially Coercive Environments

The conduct of any collaborator participating in a production where the existence of financial coercion or irregularities in intimacy protocols is determined shall be subject to review.

Individual liability may only be established when it is proven that the collaborator:

- a) had actual knowledge of the irregularity, and
- b) participated voluntarily without being subject to significant economic or professional coercion.

Article 13.2: Proportional Sanctions

When individual liability is established:

- a) temporary disqualification from participation in publicly funded productions may be imposed,
- b) an obligation of economic restitution proportional to the benefit obtained may be established.

All sanctions must be determined by reasoned decision and respecting due process.

Article 13.3: Evaluation of Coercion and Consent

No collaborator shall be deemed liable who demonstrates having acted under:

significant economic pressure,
labor subordination, or
absence of mandatory safety protocols.

The burden of evaluating these circumstances shall rest with the judicial authority.

Article 13.4: Liability for Illicit Benefit

Aggravated liability shall only be established where it is proven that the collaborator:

obtained extraordinary benefits, and
actively participated in the structuring or execution of the irregular scheme.

Article 13.5: Nullity of Non-Disclosure Agreements (NDAs)

Confidentiality agreements shall not be enforceable where they are used to conceal:

violations of safety protocols,
misuse of public funds,
or verified situations of coercion.