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# Responding To US Labeling Brazilian Gangs As Terrorist Orgs

By **Brandt Leibe, Kyle Sheahen and Clarissa Moliterno** (June 22, 2026, 6:08 PM EDT)


Brandt Leibe


Kyle Sheahen


Clarissa Moliterno

The Trump administration opened a new front in its battle against foreign terrorist organizations on May 28 when the U.S. Department of State designated the Brazilian criminal groups Comando Vermelho and Primeiro Comando da Capital as specially designated global terrorists, and announced its intention to designate both groups as foreign terrorist organizations, effective June 5.[1]

The designations, made pursuant to Section 219 of the Immigration and Nationality Act and former President George W. Bush's 2001 counterterrorism Executive Order No. 13224, carry significant implications,[2] and reflect a continuation of Washington's broader strategy of viewing major transnational criminal organizations through a counterterrorism lens.[3]

Such designations trigger immediate and far-reaching legal consequences for U.S. persons and entities, including criminal prohibitions on providing material support to the organizations, property blocking and reporting obligations for U.S. financial institutions, and significant civil liability exposure under the Anti-Terrorism Act.[4]

For companies and business people operating in or with exposure to Brazil — the largest economy in Latin America and a critical market for multinational enterprises — these designations demand immediate attention. The extension of these criminal organizations' presence internationally, and Brazil's deep integration into global financial systems and supply chains, mean the practical compliance and litigation risks are significant.[5]

In response, businesses must promptly assess and address any exposure to Comando Vermelho and Primeiro Comando da Capital, and take steps to ensure compliance with the legal obligations that flow from these designations.

**Background**

***Comando Vermelho***

The Comando Vermelho, or CV, is reported to be Brazil's oldest major criminal organization, founded in the late 1970s in the prisons of Rio de Janeiro.[6] Originally engaged in bank robbery and petty crime, the CV reportedly moved into the cocaine trade in the 1980s, forging connections with Colombian cartels and assuming a social leadership role in many of Rio's marginalized communities.

The CV is estimated to have approximately 30,000 members across Brazil.[7] Internationally, the CV has reportedly expanded throughout the Amazon basin, establishing control over trafficking routes and forging alliances in the border regions of Colombia, Peru and Bolivia to receive cocaine shipments for distribution within Brazil, and onward export to Europe and Africa.[8]

***Primeiro Comando da Capital***

The Primeiro Comando da Capital, or PCC, is reported to be Brazil's largest and best-organized criminal network. Reports indicate that it was founded in São Paulo's prison system, in the aftermath of the 1992 Carandiru massacre, in which security forces killed over 100 prisoners at Carandiru Penitentiary.[9]

In 2024, the U.S. Department of the Treasury described the PCC as "the most notorious organized crime group in Brazil and among the largest in Latin America."[10] The PCC operates what is reported to be a hierarchical, centrally commanded structure and has expanded internationally, with an estimated 30,000 members in Brazil and a presence in multiple countries, including an estimated 1,000 members in Paraguay.[11] Through trans-Atlantic ties with Italy's 'Ndrangheta mafia and networks in West Africa, the PCC reportedly serves as an intermediary in the global cocaine trade, facilitating shipments to Europe, Asia and the Americas.

The U.S. Treasury added the PCC to the Specially Designated Nationals and Blocked Persons list in 2021. In March 2024, Diego Macedo Gonçalves do Carmo, a PCC operative, was designated as an SDN for laundering approximately $240 million for the organization, and investigations have revealed PCC-linked money laundering schemes moving billions of dollars through fintech platforms and front companies with cross-border corporate footprints.[12]

***Nexus to U.S. Commerce***

Both organizations are connected to the global financial system. Brazil's economy has extensive trade and investment ties to the U.S. U.S. financial institutions process significant volumes of Brazilian-origin transactions.

The CV and the PCC are reported to exploit financial channels through sophisticated money laundering networks, including the use of fintech companies, cryptocurrency platforms and front companies.[13] These organizations are also reportedly involved in illicit activities with direct implications for U.S. multinational supply chains, including illegal mining, logging and control of transportation corridors.[14]

**Legal Framework: Consequences of Foreign Terrorist Designation**

The designation of the CV and the PCC as foreign terrorist organizations, or FTOs triggers an expanded set of legal obligations and liability risks under federal law. While the PCC's existing SDN designation already imposed significant legal restrictions, including a prohibition on U.S. persons engaging in any transactions with the PCC, and property blocking requirements for U.S. financial institutions that identify PCC-related funds, the FTO designations layer additional consequences on top of these existing obligations.[15]

***Criminal Prohibition on Material Support***

It is unlawful for any U.S. person, any person within the U.S., or any entity subject to U.S. jurisdiction to knowingly provide "material support or resources" to an FTO. Material support is broadly defined to include property, services, currency, financial services, expert advice or assistance, among others.[16]

The statute's jurisdictional reach extends to conduct occurring overseas and convictions carry criminal penalties of up to 20 years' imprisonment, or life imprisonment if death results.[17]

The U.S. Department of Justice has shown its willingness to pursue material support charges against major corporations. It did so 2022, when it **prosecuted** Lafarge SA for corporate material support for terrorism.[18]

***Civil Liability Under the Anti-Terrorism Act***

The ATA creates a private cause of action for U.S. nationals injured in their person, property or business by an act of international terrorism. The ATA extends to secondary liability for aiding and abetting, provided the act was committed, planned or authorized by a designated FTO.[19] Successful plaintiffs are entitled to treble damages, plus attorney fees and costs, making such claims highly attractive to the plaintiffs bar.[20]

**Key Risks to Keep in Mind**

The designations of the CV and the PCC as FTOs create enhanced risk categories for corporations and individuals operating in Brazil

***Financial Institutions and Money Service Businesses***

Banks, money services businesses, fintech companies and other financial service providers with Brazilian exposure already face compliance obligations arising from the PCC's SDN designation, including transaction-screening and asset-blocking requirements. The FTO designation heightens these obligations and further expands litigation risk.

As was the case with the Mexican cartel FTO designations, the first effects may be felt not by the criminal organizations themselves, but by the compliance departments of financial institutions facing new screening and reporting burdens.[21]

***Multinational Corporations Operating in Brazil***

Companies in extractive industries such as mining, energy and timber, as well as agriculture, logistics, manufacturing and infrastructure that operate in Brazil — particularly in the Amazon region, the northeast region of Brazil, or in major urban centers such as Rio de Janeiro and São Paulo — may find themselves at risk of inadvertent material support through interactions with third parties, unions, vendors or local intermediaries that are connected to these organizations.

***Federal Contractors and Grant Recipients***

Organizations that receive U.S. government contracts, grants or cooperative agreements and operate in or source from Brazil face False Claims Act exposure based on Office of Foreign Assets Control and antiterrorism certifications they are required to make.

This is particularly relevant for development organizations, nongovernmental organizations, and defense and security contractors active in the region.

***Companies With Brazilian Supply Chains***

Businesses sourcing goods or services from Brazil should evaluate whether their supply chains intersect with regions or industries in which FTO-designated organizations are active, including ports, logistics corridors, and the agricultural and mining sectors.

**Recommended Actions**

In light of the FTO and specially designated global terrorist designations of both the PCC and the CV, companies and individuals should promptly take the following steps.

***Conduct a privileged risk assessment.***

A privileged assessment can identify potential points of contact with the CV, the PCC or their affiliates across their operations, supply chains, vendor relationships and financial transactions in Brazil.

A key aspect for any assessment is the physical location of the company's operations, particularly for those operating in the Amazon region, the northeast of Brazil or in major Brazilian urban centers, which have a higher exposure to these organizations.

***Review third-party and vendor relationships.***

Companies operating in Brazil should review their third-party relationships, including vendors, suppliers, logistics providers, local agents and joint venture partners, to assess whether any such relationships could constitute material support to the designated organizations.

Now that these criminal groups have been designated, third-party vetting that may have been sufficient to address other compliance risks must be enhanced for FTO-related risks.

***Enhance sanctions, know-your-customer and anti-money laundering screening programs.***

Financial institutions and companies processing Brazilian-origin transactions should ensure that their sanctions screening systems already account for the PCC's existing SDN designation, and should incorporate the new FTO and specially designated global terrorist designations.

KYC, AML and sanctions screening, and beneficial ownership review processes, should be adequate to detect activity linked to these organizations.

***Update OFAC and antiterrorism certifications.***

U.S. government contractors and grant recipients should review their OFAC compliance certifications and antiterrorism certifications to ensure accuracy in light of new designations.

***Strengthen whistleblower intake mechanisms.***

Companies should review their internal reporting and whistleblower intake processes to ensure that issues raised internally are addressed quickly and thoroughly. Companies should be particularly vigilant about investigating complaints that mention the CV or the PCC.

***Evaluate U.S. state-law exposure.***

Companies with operations or personnel in states such as Florida and Texas should assess their potential exposure under state material support and antiterrorism statutes, which may be triggered by the FTO designations.

***Monitor regulatory developments.***

Corporations should anticipate further regulatory actions, including potential Financial Crimes Enforcement Network geographic targeting orders, additional OFAC designations of individuals and entities linked to the CV and the PCC, and possible U.S. state-level executive orders.

**Conclusion**

The designations of the CV and the PCC as FTOs and specially designated global terrorists represent a significant expansion of U.S. law enforcement attention and carry substantial implications for U.S. persons or entities with business exposure to Brazil.

Companies must immediately conduct an assessment of their compliance systems, policies and controls essential to identifying and mitigating the risks that flow from these designations.

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*Brandt Leibe and Kyle Sheahen are partners, and Clarissa Moliterno is a senior associate, at King & Spalding LLP.*

*King & Spalding partner Grant Nichols, senior associates Rafaela Calcena and Barbara Medrado, contributed to this article.*



[1] U.S. Department of State, Press Statement by Secretary Marco Rubio, Terrorist Designation of Comando Vermelho and Primeiro Comando da Capital (May 28, 2026), available at https://www.state.gov/releases/office-of-the-spokesperson/2026/05/terrorist-designation-of-comando-vermelho-and-primeiro-comando-da-capital/.

[2] See Grant Nichols, Brandt Leibe and Michael Galdo, Preparing for Mexican Drug Cartels' Terrorist Designation, (Jan. 13, 2025), available at https://www.law360.com/articles/2282689/preparing-for-mexican-drug-cartels-terrorist-designation; King & Spalding, State Criminal and Civil Liability for Material Support: How the FTODesignation of Drug Cartels Increases the Risk of State Enforcement, (Mar. 11, 2025), available at https://www.kslaw.com/news-and-insights/state-criminal-and-civil-liability-for-material-support-how-the-fto-designation-of-drug-cartels-increases-the-risk-of-state-enforcement; Recent FTO Designations Raise FCA Liability Concerns for Multinational Organizations, (Mar. 31, 2025), available at https://www.kslaw.com/news-and-insights/recent-fto-designations-raise-fca-liability-concerns-for-multinational-organizations; Drug Cartel Designations as FTOs Increase Financial Institutions' Civil Liability Risks Under the Antiterrorism Act, (Apr. 18, 2025), available

at https://www.kslaw.com/news-and-insights/drug-cartel-designations-as-ftos-increase-financial-institutions-civil-liability-risks-under-the-antiterrorism-act; Brazil: The Next Front in the Battle Against FTOs? Implications for U.S. and Brazilian Businesses of the Potential Designation of Brazilian Criminal Organizations as Foreign Terrorist Organizations, (May 19, 2026), available at https://www.kslaw.com/news-and-insights/brazil-the-next-front-in-the-battle-against-ftos-implications-for-us-and-brazilian-businesses-of-the-potential-designation-of-brazilian-criminal-organizations-as-foreign-terrorist-organizations.

[3] White House, Executive Order 14157, "Designating Cartels and Other Organizations as Foreign Terrorist Organizations and Specially Designated Global Terrorists" (Jan. 20, 2025).

[4] King & Spalding, Drug Cartel Designations asFTOs Increase Financial Institutions' Civil Liability Risks Under the Antiterrorism Act, (Apr. 18, 2025), available at https://www.kslaw.com/news-and-insights/drug-cartel-designations-as-ftos-increase-financial-institutions-civil-liability-risks-under-the-antiterrorism-act.

[5] Americas Quarterly, "Brazil's Gangs in Trump's Crosshairs" (2026), discussing how FTO designations could affect Brazilian firms and compliance departments.

[6] EJIL: Talk!, "U.S.'s moves to label Brazilian crime syndicates as 'terrorist organizations': a prelude to the use of force?" (Mar. 18, 2026), discussing the CV's origins in Rio de Janeiro's prison system in the 1970s.

[7] MercoPress, "BBC says legal weapons from Paraguay end up in Comando Vermelho's hands" (Nov. 3, 2025), citing Insight Crime estimate of approximately 30,000 CV members.

[8] Americas Quarterly, "Brazil's Gangs in Trump's Crosshairs" (2026); Ojo Público, "Narco-territory: cocaine trafficking dominates more than 70% of Amazonian borders" (discussing the CV's Amazon expansion).

[9] Americas Quarterly, "PCC" (Jan. 26, 2021) (discussing the PCC's founding in 1993 after Carandiru massacre).

[10] U.S. Department of the Treasury, "Treasury Sanctions Primeiro Comando da Capital (PCC) Operative" (Mar. 14, 2024).

[11] InSight Crime, "PCC's Rapid Expansion" (March 2020); Americas Quarterly, "PCC" (Jan. 2021), estimating at least 30,000 members in Brazil; The Guardian, "'The PCC are after me': the drug cartel with Paraguay in its clutches" (June 23, 2022), estimating 1,000 PCC members in Paraguay.

[12] U.S. Department of Treasury, Treasury Sanctions Primeiro Comando da Capital (PCC) Operative, (Mar. 14, 2024), available at https://home.treasury.gov/news/press-releases/jy2180.

[13] InSight Crime, Historic PCC Bust Spurs Brazil Crackdown on Digital Money Laundering, (Sep. 11, 2025), available at https://insightcrime.org/news/historic-pcc-bust-spurs-brazil-crackdown-on-digital-money-laundering/.

[14] InSight Crime, Brazil's PCC Complicates Fight Against Illegal Mining in Amazon, (May 26, 2023), available at https://insightcrime.org/news/narcogarimpo-pcc-complicating-brazils-fight-against-illegal-

mining/.

[15] The designation of the CV as an FTO results in property blocking obligations for any U.S. financial institution in the possession of or control over funds in which the CV or its agents have an interest in. The U.S. financial institution must retain possession of or control over such funds and report their existence to the U.S. Department of the Treasury's Office of Foreign Assets Control.

[16] 18 U.S.C. § 2339A(b)(1).

[17] Id.

[18] See, e.g., DOJ Press Release, "Chiquita Brands International Pleads Guilty to Making Payments to a Designated Terrorist Organization" (March 19, 2007); DOJ Press Release, "Lafarge Pleads Guilty to Conspiring to Provide Material Support to Foreign Terrorist Organizations" (Oct. 18, 2022).

[19] 18 U.S.C. § 2333(a), (d).

[20] For additional risks created by the FTO designations see K&S articles regarding False Claims Act exposure and state-level enforcement, available at https://www.kslaw.com/news-and-insights/recent-fto-designations-raise-fca-liability-concerns-for-multinational-organizations and https://www.kslaw.com/news-and-insights/state-criminal-and-civil-liability-for-material-support-how-the-fto-designation-of-drug-cartels-increases-the-risk-of-state-enforcement.

[21] As an example of potential consequence for financial institutions, please note that on June 25, 2025, the U.S. Department of the Treasury's Financial Crimes Enforcement Network designated CIBanco S.A., Institución de Banca Multiple, Intercam Banco, and Vector Casa de Bolsa, Mexico-based financial institutions, as foreign financial institutions of "primary money laundering concern" in connection with illicit opioid trafficking. FinCEN found that these institutions had a long-standing pattern of providing financial services to major Mexico-based drug trafficking organizations. FinCEN prohibited all covered U.S. financial institutions from engaging in any transmittals of funds to or from these institutions, effectively severing their access to the U.S. financial system.