

Report from Washington

U.S. Designation of Brazilian Criminal Organizations as Foreign Terrorist Organizations: Implications for Businesses Active in Brazil

June 5, 2026

Background

On May 28, 2026, the U.S. Department of State announced that it would designate Comando Vermelho (CV) and Primeiro Comando da Capital (PCC) as Specially Designated Global Terrorists (SDGTs) and announced its intent to designate both organizations as Foreign Terrorist Organizations (FTOs), effective June 5, 2026.¹ CV and PCC were designated as FTO's and SDGTs pursuant to Section 219 of the Immigration and Nationality Act and designated as SDGTs pursuant to Executive Order 13224. Secretary of State Marco Rubio stated that CV and PCC are “two of the most violent criminal organizations in Brazil” whose “influence and illicit networks extend far beyond Brazil’s borders, across our region and into our country.”² Both the PCC and the CV are understood to operate throughout Latin America and the PCC’s activities may extend overseas beyond Latin America.

The designations of CV and PCC are part of the Trump Administration’s effort to combat cartels and transnational criminal organizations. On his first day in office, President Trump issued Executive Order 14157, declaring that cartels “present an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States.”³ On February 20, 2025, the State Department designated eight Latin American criminal organizations—including the Sinaloa Cartel, Cartel de Jalisco Nueva Generación, and Tren de Aragua—as FTOs and SDGTs.⁴ The DOJ’s guidelines for investigation and enforcement of the FCPA, published in June 2025, state that the Department will prioritize national security, which includes enforcement involving FTOs/cartels.⁵ Between September and December of 2025, the Trump Administration designated five Latin American organizations as FTOs, SDGTs, or both. The extension of SDGT and FTO designations to Brazilian criminal organizations represents the latest expansion of this framework.

¹ U.S. Dep’t of State, Office of the Spokesperson, Terrorist Designation of Comando Vermelho and Primeiro Comando da Capital (May 28, 2026), available [here](#).

² *Id.*

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

⁴ U.S. Dep’t of State, Office of the Spokesperson, Designation of Specially Designated Global Terrorists and Foreign Terrorist Organizations (Feb. 20, 2025), available [here](#).

⁵ U.S. Dep’t of Justice, Guidelines for Investigations and Enforcement of the Foreign Corrupt Practices Act (FCPA) (June 9, 2025), available [here](#).

The PCC was already designated as a Specially Designated National (SDN) by OFAC in 2021. However, an FTO designation layers significant additional consequences and attendant risks, which we describe below.

Legal Consequences of the Designations

The designations carry three principal sets of consequences:

- **Sanctions and Asset Blocking.** As SDGTs and FTOs, CV and PCC are added to OFAC’s SDN List. Any U.S. person that holds or deals with funds or assets belonging to or controlled by SDNs (including entities owned 50 percent or more by one or more SDNs) must immediately block those assets and report them to OFAC. U.S. persons are broadly prohibited from transacting with or for the benefit of the designated organizations. For non-U.S. companies, potential exposure arises whenever a transaction has a U.S. touchpoint—including dollar clearing, the involvement of a “U.S. person” (including U.S. citizens, permanent residents (wherever located) or any person physically located in the United States), or use of the U.S. financial system—which may be common given the close financial relationship between the United States and Brazil.
- Additionally, Executive Order 13224, as amended by Executive Order 13886, also authorizes the imposition of secondary sanctions on foreign financial institutions determined to have knowingly conducted or facilitated any significant transaction, or provided material support, on behalf of an SDGT.⁶ For example, for foreign financial institutions, such secondary sanctions can take the form of correspondent account or payable-through account restrictions, effectively severing the institution’s access to the U.S. dollar clearing system. There is also a risk of secondary sanctions pursuant to Executive Order 13886(a)(iii)(C) for those who continue to deal with such SDGTs.
- **Criminal Liability for Material Support.** Under 18 U.S.C. § 2339B, it is a federal crime to knowingly provide “material support or resources” to a designated FTO. “Material support” is defined broadly to include any property or service, including currency, financial services, training, expert advice, personnel, or transportation.⁷ To “knowingly” provide such support means to know or have willfully ignored red flags regarding (1) the organization’s status as an FTO or (2) that the organization has engaged or engages in terrorist activity or terrorism.⁸ Convictions carry up to 20 years’ imprisonment (or life imprisonment if the offense results in the death of any person), subject to an eight-year statute of limitations.

Importantly, section 2339B(d) provides for broad extraterritorial jurisdiction that does not require the same U.S. nexus as the sanctions regime, though some minimal jurisdictional nexus to the U.S. is still required. The statute confers jurisdiction to prosecutors where, among other circumstances, the offender is a U.S. national or permanent resident, the offender is later brought into or found in the United States, or the offense affects U.S.

⁶ See also Executive Order 13886(1)(b).

⁷ 18 U.S.C. § 2339A(b)(1) (defining “material support or resources”); 18 U.S.C. § 2339B (prohibiting material support to FTOs).

⁸ See *Holder v. Humanitarian Law Project*, 561 U.S. 1, 16-18 (2010); *Linde v. Arab Bank, PLC*, 97 F. Supp. 3d 287, 331-32 (E.D.N.Y. 2015).

interstate or foreign commerce.⁹ As a practical matter, companies whose operations avoid the jurisdictional reach of U.S. sanctions—for example, by not using the U.S. dollar or U.S. persons—may nonetheless find themselves exposed to criminal liability in connection with the “affecting” U.S. interstate or foreign commerce prong.

The DOJ has demonstrated its willingness to bring material support charges against corporations. In 2022, Lafarge S.A., a French building materials manufacturer, pleaded guilty to conspiring to provide material support to ISIS and al-Nusrah Front and was sentenced to \$777.78 million in criminal fines and forfeiture—the first corporate material support prosecution of its kind.¹⁰ Since the February 2025 Mexican cartel FTO designations, DOJ has brought material support charges against individuals supplying cartels with weapons, funds, and narcotics,¹¹ signaling an aggressive enforcement posture that is expected to extend to the Brazilian context.

- **Private Right of Action Under the Anti-Terrorism Act.** Under 18 U.S.C. § 2333, any U.S. national injured by an act of international terrorism may sue and recover treble damages. If the act was committed, planned, or authorized by a designated FTO, liability extends to any person who “aids and abets, by knowingly providing substantial assistance,” or conspires with the FTO.¹² Civil ATA claims have been brought against financial institutions and multinational companies. For example, in *Linde v. Arab Bank*, a jury found Arab Bank liable under the ATA based on its processing of fund transfers on behalf of designated terrorist entities and charities known to channel money to Hamas.¹³ Although the Second Circuit later vacated the district court’s judgment based on an instructional error to the jury regarding the ATA’s international terrorism element, the parties separately reached a confidential settlement that resolved the claims.¹⁴

Practical Takeaways

These designations may present particular challenges to business activities in Brazil and in Latin America more generally given the degree to which CV and PCC may have infiltrated legitimate sectors of the Brazilian economy. Firms active in the Brazilian market may consider taking proactive compliance steps to screen for exposure to the CV and PCC and mitigating associated risks, including:

- conducting risk assessments to identify potential touchpoints with these organized crime groups and entities they may own or control, with particular attention to higher-risk geographies—especially São Paulo and Rio de Janeiro, where the PCC and the CV, respectively, have their principal bases of operation

⁹ 18 U.S.C. § 2339B(d).

¹⁰ U.S. Dep’t of Justice, Press Release, *Lafarge Pleads Guilty to Conspiring to Provide Material Support to Foreign Terrorist Organizations* (Oct. 18, 2022), available [here](#).

¹¹ *See, e.g.*, U.S. Dep’t of Justice, Press Release, *Sinaloa Cartel Leaders Charged with Narco-Terrorism, Material Support of Terrorism, and Drug Trafficking* (May 13, 2025), available [here](#); U.S. Dep’t of Justice, Press Release, *Tren de Aragua Leader Extradited on Terrorism and International Drug Distribution Charges* (May 15, 2026), available [here](#).

¹² 18 U.S.C. § 2333(a), (d)(2).

¹³ *See Linde v. Arab Bank*, 04-cv-02799 (E.D.N.Y.).

¹⁴ *See Linde v. Arab Bank*, PLC, No. 16-2119 (2d Cir. 2018).

—and sectors such as agribusiness, entertainment, fintechs, gas stations, mining, real estate and civil construction, logistics and utility services;

- enhancing counterparty and vendor KYC/diligence process, including requesting ownership structure charts down to individual ultimate beneficial owners and screening against U.S. sanctions lists;
- updating sanctions screening and transaction monitoring to incorporate the new designations on an ongoing basis;
- reviewing and revising compliance policies, procedures and training programs to ensure they are appropriately tailored to address relevant risks;
- monitoring for potential forthcoming guidance from relevant U.S. authorities and for possible additional designations by the U.S. Government;
- strengthening contractual protections in transaction agreements to include robust sanctions representations and covenants, audit rights, and termination rights; and
- establishing incident reporting protocols and taking prompt measures to remediate any identified risks.

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