



# Milbank Insights

## **Global Risk & National Security Practice**

### U.S. Government Designates Two Brazilian Criminal Organizations as Terrorist Organizations

June 5, 2026

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On May 28, 2026, the U.S. Department of State announced the designation of two Brazil-based transnational criminal organizations, Primeiro Comando da Capital and Comando Vermelho (together, the “TCOs”), as Specially Designated Global Terrorists (“SDGTs”) and announced its intention to designate both groups as Foreign Terrorist Organizations (“FTOs”), effective June 5, 2026. These actions follow the Trump Administration’s designation of eight Mexican and Latin American criminal organizations as SDGTs and FTOs in February 2025, and they are part of the Administration’s broader strategy of leveraging counterterrorism authorities to combat transnational criminal organizations.

### Legal Implications

As a result of these designations, U.S. persons are generally prohibited from transacting with, or dealing in assets of, the TCOs, and from providing material support to the TCOs. Individuals or entities that violate these prohibitions may face criminal or civil liability.

**SDGT Designation.** The U.S. Department of State designated the TCOs as SDGTs pursuant to the International Emergency Economic Powers Act and Executive Order 13224. Upon designation as SDGTs, the TCOs have been added to the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury. All property or interests in property of the TCOs that are in the United States or within the possession or control of U.S. persons are blocked, and U.S. persons are generally prohibited from engaging in any transactions or dealings with or involving the TCOs or their property or interests in property, including making any contribution of funds, goods or services to or for the benefit of the TCOs.

**FTO Designation.** The U.S. Department of State designated the TCOs as FTOs, effective June 5, 2026, pursuant to Section 219 of the Immigration and Nationality Act, which authorizes such designation upon a finding that a foreign organization engages in, or intends to engage in, terrorist activity that threatens the security of U.S. nationals or the national security of the United States. The provision of material support or resources to any FTO constitutes a criminal offense under 18 U.S.C. § 2339B. “Material support or resources” is defined broadly to include currency, financial services, lodging, training, expert advice, communications equipment and personnel. In addition, the Anti-Terrorism Act provides a private civil cause of action for U.S. nationals injured by an act of international terrorism to bring a claim against those who have aided, abetted or conspired with a designated FTO.

### Key Takeaways

As a result of these developments, companies and financial institutions with operations, counterparties or capital markets activity in Brazil, or other jurisdictions where the TCOs have a presence, may face elevated legal, commercial and reputational risks. Brazilian law enforcement authorities have documented heightened risk of exposure to the TCOs across certain formal and informal sectors of the Brazilian economy, including fuel distribution, real estate, construction, mining, logging, investment funds and digital banks.

To address these risks, companies and financial institutions that operate in Brazil or such other jurisdictions should consider reassessing their business activities for potential exposure to the TCOs and, as necessary or advisable, adjusting their internal compliance protocols. In particular, entities that operate in, or engage customers or other counterparties that operate in, one or more sectors identified as featuring heightened risk of exposure to the TCOs should consider implementing additional risk-based due diligence measures designed to identify and address any existing or potential, direct or indirect, exposure to the TCOs, including through screening across supply chains, distribution channels and the ownership and control profiles of existing and prospective customers and other counterparties. Enhanced due diligence may be appropriate where red flags are present or where specific transactions or counterparties implicate concerns as to elevated risk.

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Moreover, businesses that are engaged in the provision of financial services should consider revisiting their existing anti-money laundering and know-your-customer compliance programs for the effectiveness in detecting relationships with the TCOs, including any funds held for or on behalf of the TCOs. Companies and financial institutions with a broader presence in Latin America may find that any compliance frameworks developed in response to the recent designations of Mexican criminal organizations provide a useful model, given the similar nature of the designations and related risks.

Please feel free to reach out to your Milbank contacts with any particular questions or concerns regarding these developments, or sanctions and anti-money laundering compliance and risk management matters more broadly.

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