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A Shift in Enforcement Priorities

Over the past 18 months, the federal government has recalibrated enforcement priorities around national and economic security. In Feb. 2025, President Donald Trump signed an executive order directing the Department of Justice (DOJ) to temporarily halt Foreign Corrupt Practices Act (FCPA) enforcement and issue revised guidelines. See Exec. Order No. 14209, Pausing Foreign Corrupt Practices Act Enforcement To Further American Economic and National Security, 90 Fed. Reg. 9587 (Feb. 14, 2025).

Before that announcement, Attorney General Pam Bondi had directed the DOJ to prioritize foreign bribery tied to cartels and transnational criminal organizations (TCOs). See Memorandum from Pam Bondi, Att’y Gen., U.S. Dep’t of Justice, to All Dep’t Emps., Total Elimination of Cartels and Transnational Criminal Organizations (Feb. 5, 2025).

The June 9, 2025 Blanche Memorandum confirmed that realignment, directing prosecutors to focus on conduct tied to cartels, TCOs, and national-security threats. See Memorandum from Todd Blanche, Deputy Att’y Gen., U.S. Dep’t of Justice, Guidelines for Investigations and Enforcement of the Foreign Corrupt Practices Act (June 9, 2025).

Immigration enforcement has been reshaped along the same track. On his first day in office, the President ordered enforcement of the immigration laws against all removable aliens, revoking the prior administration’s enforcement-priority framework. See Exec. Order No. 14159, Protecting the American People Against Invasion, 90 Fed. Reg. 8443 (Jan. 20, 2025).

Attorney General Bondi’s Feb. 5, 2025 memorandum directed the DOJ to use all available criminal statutes against illegal immigration and to support the Department of Homeland Security’s (DHS) removal initiatives. See Memorandum from Att’y Gen. Pam Bondi, General Policy Regarding Charging, Plea Negotiations, and Sentencing (Feb. 5, 2025).

DHS launched Operation Take Back America on March 6, 2025, marshaling task-force resources against illegal immigration, cartels, and TCOs. See Memorandum from Todd Blanche, Deputy Att’y Gen., U.S. Dep’t of Justice, Operation Take Back America (Mar. 6, 2025). For companies, this convergence has created a materially higher risk of worksite enforcement, ICE raids, and criminal investigations of employers believed to have knowingly hired undocumented workers.

The Designations

On June 5, 2026 the U.S. Department of State designated two Brazilian criminal organizations—Comando Vermelho (CV) and Primeiro Comando da Capital (PCC)—as Foreign Terrorist Organizations (FTOs), having designated them Specially Designated Global Terrorists (“SDGTs”) weeks earlier. See Marco Rubio, Sec’y of State, Press Statement, Terrorist Designation of Comando Vermelho and Primeiro Comando da Capital (May 28, 2026), U.S. Dep’t of State.

These designations target groups that have engaged in, or supported, “terrorist activity.” See Exec. Order 13224, U.S. Dep’t of State. The administration’s stated aim is to “use all available tools to protect our nation and our national security interests by keeping illicit drugs off our streets and disrupting the revenue streams funding violent narco-terrorists.” Businesses and individuals with ties to CV or PCC may now face U.S. enforcement, including financial sanctions.

The Hidden Nature of CV and PCC

Originating as prison factions, neither CV nor PCC is a stranger to secrecy. See The Latin American Post Staff, Brazil’s Bloody Mirror: The PCC, the CV, and a War the State Keeps Losing, Latin Am. Post (Nov. 8, 2025). Both have grown into national—and increasingly international—operations that have infiltrated legitimate business and industry sectors.

The state of São Paulo Attorney General’s Office, for example, found “PCC involvement in everything from garbage disposal and public

transportation to construction, logistics and hotel projects.” Investigators have uncovered “laundering networks inside... gas stations, real estate, and even fintech startups.” See Brazil’s Biggest Drug Gang Has Gone Global, *Economist* (Nov. 23, 2023). CV, likewise, “taxes everything that moves inside its turf—commerce, utilities, even love hotels.”

Because criminal involvement in apparently legitimate businesses is often hidden, companies may unknowingly provide services, goods, or other assistance to CV or PCC. Businesses and individuals connected to FTO activity may face regulatory exposure that can trigger U.S. sanctions.

Legal Consequences of Doing Business with FTOs

The United States can pursue several enforcement actions against businesses tied to FTOs and SDGTs such as CV and PCC. Under 18 U.S.C. §2339B, anyone who provides “material support” to an FTO faces criminal liability, punishable by substantial fines and imprisonment. “Material support” is defined broadly to include “any property, tangible or intangible, or service.” 18 U.S.C.

§§2339A–2339B. See The Treasury Department’s Office of Foreign Assets Control (OFAC) can also impose economic sanctions on entities that deal with sanctioned targets, including by blocking property and interests in property subject to U.S. jurisdiction. See Melisa Kurter, *What Are OFAC Secondary Sanctions and How Do They Work*, OFAC Blocked Funds Lawyers. The government is not the only potential plaintiff in these matters: the Anti-Terrorism Act allows U.S. nationals harmed by FTO actions to bring actions against companies that aided and abetted, knowingly assisted, or conspired with the group. See 18 U.S.C. §2333(d)(2).

The U.S. government’s actions have not been empty threats. Within a month of the new FTO designations, on July 1, 2026, two Brazilian nationals and three Brazilian companies received OFAC sanctions due to their alleged links to PCC. See *Treasury Sanctions Brazilian Criminal Network Exploiting U.S. Financial System to Launder Drug Proceeds*, U.S. Dep’t of the Treasury (July 1, 2026).

As a result of the sanctioned individuals' alleged aid or support of PCC, their assets in the United States have been blocked. Other Brazilian companies with ties to these criminal organizations risk facing the same consequences.

Lessons from Iran

Iran offers a cautionary template. In 2019, during President Trump's first term, the United States designated Iran's Islamic Revolutionary Guard Corps (IRGC) as an FTO—an entity that, like CV and PCC, was “integrally woven into the [country's] economy, operating front companies and institutions around the world that engage in both licit and illicit business activity.” See Implications of the Designation of Iran's IRGC as a Foreign Terrorist Organization, Steptoe Int'l Compliance Blog (Apr. 9, 2019).

As recently as May 2026, the administration imposed OFAC sanctions on “cover and shell companies” found to be helping the IRGC arrange and receive payment for Iranian oil sales. See U.S. Dep't of the Treasury, Press Release, Economic Fury Ramps Up Pressure on Iran's Islamic Revolutionary Guard Corps Oil Operations (May 11, 2026). Companies that touch CV- or PCC-infiltrated sectors face similar exposure.

Lessons from Mexico

Mexico previews the risks that may follow the U.S. designations of PCC and CV. In February 2025, the United States designated several major Mexican cartels, including the Cartel de Jalisco Nueva Generación (CJNG), the Gulf Cartel, and the Sinaloa Cartel, as FTOs. See U.S. Dep't of the Treasury, Treasury Issues Historic Orders under Powerful New Authority to Counter Fentanyl (June 25, 2025).

The Financial Crimes Enforcement Network (FinCEN) then identified CIBanco, InterCam, and Vector as financial institutions of “primary money laundering concern” tied to illicit opioid trafficking, effectively barring U.S. financial institutions from transmitting funds to or from them.

The lesson is direct: once criminal organizations enter U.S. terrorism and sanctions frameworks, their commercial relationships, financial flows, and counterparties can become enforcement targets. See U.S. Dep't of the Treasury, Settlement Agreement between the U.S. Department of the Treasury's Office of Foreign Assets Control and IMG Academy, LLC (Feb. 12, 2026). The same framework now applies to PCC and CV, exposing Brazilian companies and individuals with U.S. touchpoints to comparable sanctions and reputational risks.

Recommended Actions: Implementing an Effective Sanctions Compliance Program

Companies should treat sanctions designations not as distant geopolitical developments, but as immediate compliance events.

In 2019, OFAC published a framework outlining the essential components of an effective sanctions compliance program for organizations subject to U.S. jurisdiction, as well as foreign companies that conduct business with the United States, U.S. persons, or U.S.-origin goods and services. See U.S. Dep't of the Treasury, A Framework for OFAC Compliance Commitments (May 2, 2019). OFAC identifies five key components:

Management Commitment. Senior management should demonstrate visible commitment by appointing qualified personnel, allocating adequate resources, and fostering a culture in which sanctions issues are escalated rather than minimized.

Risk Assessment. Companies should assess risk across their business model, including customers, vendors, intermediaries, ownership structures, geographic exposure, and U.S. jurisdictional touchpoints.

Internal Controls. Companies should adopt written policies governing screening, beneficial ownership identification, red-flag review, escalation, transaction blocking, and recordkeeping across all relevant functions.

Testing and Auditing. Companies should periodically test and audit those controls, updating them as risk assessments evolve.

Training. Companies should deliver tailored training at least annually to employees whose roles create sanctions or AML risk, including finance, procurement, logistics, and executive personnel.

Looking Ahead: Enforcement, Penalties, and Self-Disclosure

For entities exposed to FTOs such as CV or PCC, including Brazilian companies, OFAC's enforcement framework shapes the potential consequences. See Economic Sanctions Enforcement Guidelines, 31 C.F.R. pt. 501, app. A. OFAC considers whether a violation was willful or reckless, whether the company concealed it, and whether it knew or should have known of the conduct.

OFAC also weighs the harm to sanctions-program objectives, including the benefit to the sanctioned party and implications for U.S. foreign policy and national security.

Remediation is relevant. Companies that promptly identify and halt conduct, investigate, inform senior management, preserve records, and improve internal policies and procedures are better positioned than those that delay or treat an issue as isolated. OFAC also weighs the subject's size, sophistication, and resources; larger, more sophisticated entities and financial institutions are held to a higher standard.

Voluntary self-disclosure can materially reduce exposure by lowering the base civil penalty. Companies may submit voluntary self-disclosure through OFAC's disclosure portal, but only after preserving evidence, assessing the facts, and engaging experienced counsel in response and remediation efforts.

If a penalty is warranted, OFAC will issue a pre-penalty notice; the recipient generally has 30 days to respond, and either OFAC or the apparent violator may initiate settlement discussions. See 31 C.F.R. §501.704.

Conclusion

The FTO and SDGT designations of Comando Vermelho and Primeiro Comando da Capital, followed by early OFAC sanctions on

Brazilian entities and individuals, have transformed a foreign-policy development into an immediate compliance event.

Companies with Brazilian or U.S. touchpoints should promptly assess their exposure, reassess their compliance programs, strengthen risk-based OFAC controls, remediate potential violations, and, where warranted, consider voluntary self-disclosure to U.S. regulators.

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