

The image features a dark, geometric pattern of overlapping triangles in shades of brown and grey on the left side. The right side shows a blurred, low-angle photograph of several people in business attire walking past a large window with a grid pattern. The overall color palette is muted and professional.

MAYER | BROWN

# BEYOND BORDERS

Cartels, Criminal Organizations & Foreign Terrorist Organizations in Latin America

Wednesday, June 24, 2026

1221 Avenue of the Americas | New York, NY

MAYER | BROWN

# WHEN ORGANIZED CRIME BECOMES TERRORISM

FTO Designations and U.S. Enforcement in Latin America



## SPEAKERS



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PARTNER, CO-LEADER OF GLOBAL  
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DEFENSE PRACTICE

**KELLY KRAMER**



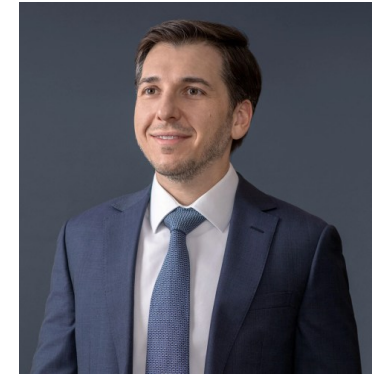
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DIRECTOR

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MARTINS**



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**MICHEL SANCOFSKI**

## AGENDA

1. Overview of organized crime in LATAM | Brazil
2. Expansion of U.S. FTO Designations in LATAM
3. Legal, Regulatory, and Civil Liability Risks
4. Mitigating FTO-Related Risk Exposure



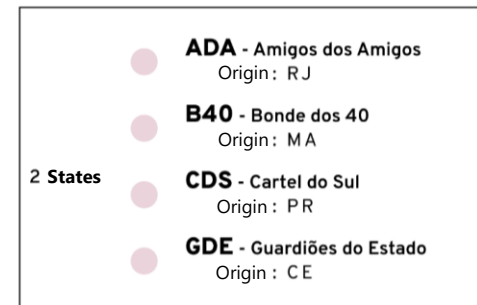
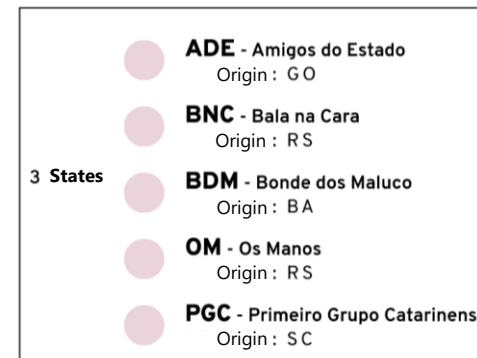
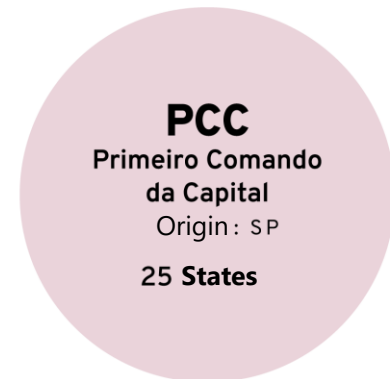
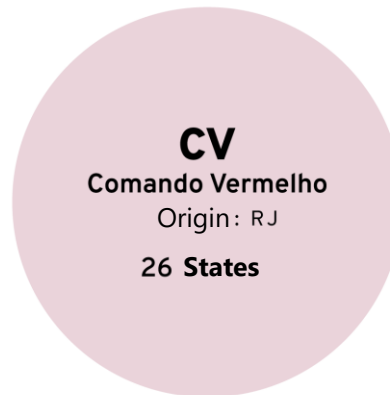
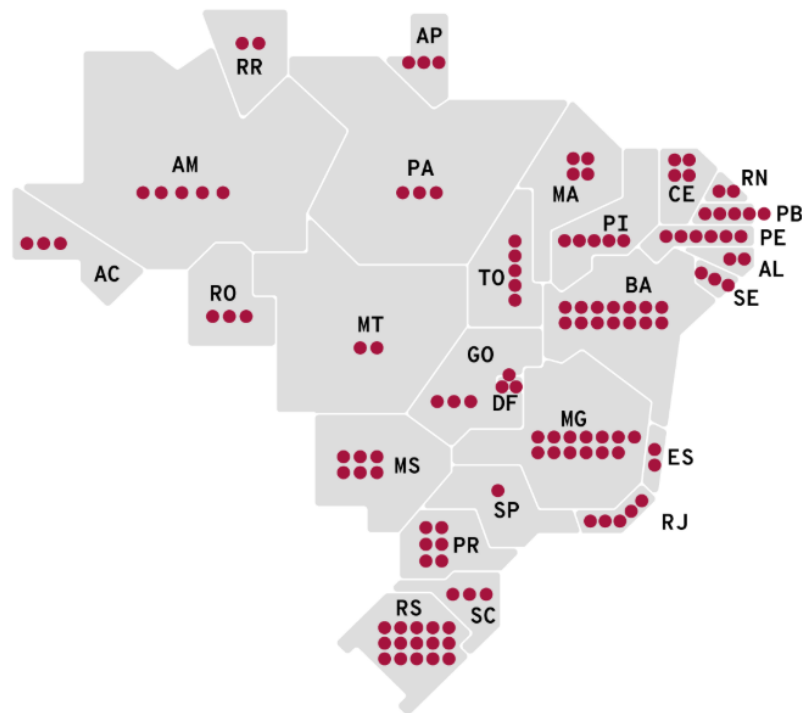
# 01

OVERVIEW OF ORGANIZED CRIME IN LATIN  
AMERICA | BRAZIL

# CRIMINAL ORGANIZATIONS IN BRAZIL

- According to Brazil's National Secretariat for Criminal Policies – SENAPPEN (2026), at least **88 criminal organizations currently operate throughout the country.**
- Most of these groups are believed to be inspired by, affiliated with, or influenced by the operational structures and criminal methodologies of the **Primeiro Comando da Capital (PCC)** and **Comando Vermelho (CV)**.

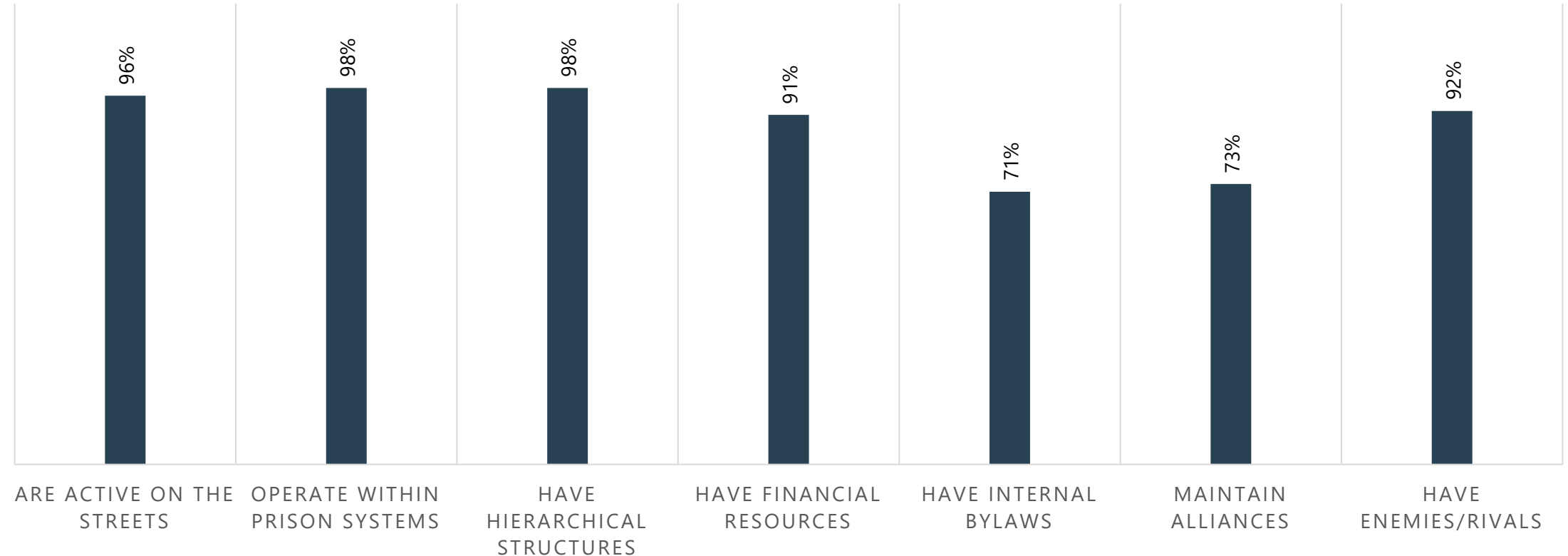
*Criminal Organizations by State*



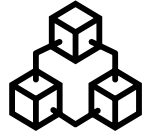
# CRIMINAL ORGANIZATIONS IN BRAZIL (CONT'D)

## CRIMINAL ORGANIZATION MAP (2024)

- SENAPPEN's findings suggest that criminal organizations in Brazil are not merely localized street gangs; most possess **formal organizational structures, prison-system presence, financial resources, and established alliance networks.**



# CORE CRIMINAL ACTIVITIES & SOURCES OF INFLUENCE



## DRUG AND WEAPONS TRAFFICKING

- Control of retail drug distribution points in urban areas
- Procurement and distribution of cocaine sourced from neighboring countries
- Use of domestic logistics corridors for narcotics transportation
- Export of cocaine through Brazilian ports
- Acquisition and circulation of firearms and ammunition from domestic and foreign sources
- Exploitation of border routes for weapons trafficking



## CARGO THEFT AND SMUGGLING

- Theft of food, beverage, pharmaceutical, and electronic cargo
- Operation of fencing networks for the resale of stolen goods
- Smuggling of cigarettes and other goods from Paraguay
- Illicit trade in imported electronics and consumer products
- Involvement in fuel theft and adulteration schemes
- Use of land, river, and border routes for the movement of illicit goods



## TERRITORIAL CONTROL OF COMMUNITIES AND *FAVELAS*

- Enforcement of local rules governing community life and movement
- Authorization and oversight of local commercial activity
- Extortion and collection of fees from businesses
- Control of informal transportation services
- Operation of unauthorized internet and telecommunications services
- Influence over local markets, including gas distribution, beverage sales, and public events



## INFLUENCE AND CONTROL WITHIN THE PRISON SYSTEM

- Recruitment and affiliation of new members
- Transmission of orders to members outside prison facilities
- Collection of membership dues and other financial contributions
- Enforcement of internal disciplinary rules
- Resolution of disputes among members
- Coordination of alliances and rivalries with other criminal organizations

# ECONOMIC INFILTRATION & ASSET DIVERSIFICATION

| In addition to gas stations and fintechs

## **PCC controls a billion-dollar empire across 15 sectors, and you could be a client without knowing it.**

- Brazil's criminal organizations have been linked to a growing presence across sectors used to **generate revenue, launder proceeds, facilitate logistics, or conceal beneficial ownership.**
- Illustrative examples reported by Brazilian media and law enforcement investigations include **gas stations; car dealerships; real estate; construction companies; currency exchange houses in Paraguay; digital banks, fintechs, and private investment funds; bus companies; churches; mining operations; public service contractors (healthcare, sanitation, waste collection, and related services); and port terminals and logistics infrastructure.**
- PCC and CV are not confined to prisons, *favelas*, or illicit markets; investigations increasingly point to their presence in sectors with **direct interaction with consumers, businesses, and financial institutions.**

# INCREASING SOPHISTICATION OF CRIMINAL SCHEMES

## Parallel banks: Fintechs linked to the PCC

Brazilian Federal Police investigate adulteration of beverages: 'It involves the importation of methanol from the Port of Paranaguá,' says Andrei. **moved R\$ 26 billion.**

market and

FROM DRUG TRAFFICKING TO FARIA LIMA

# The metamorphosis of the PCC into a business conglomerate and its threat to the economy.

Betting companies, fintechs, and cryptocurrencies are targets of the PCC and CV gangs for money laundering.

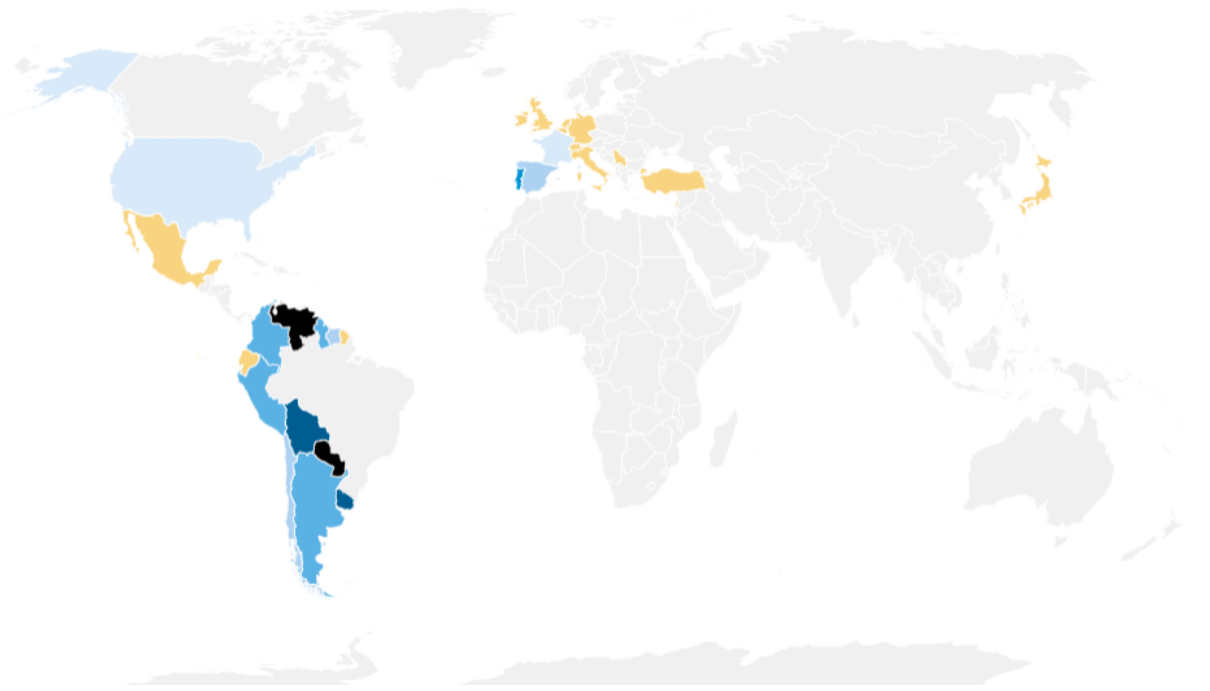
vapes strengthens organized crime.

Rodrigo Pimentel states that the lack of oversight transforms the illegal e-cigarette market into a billion-dollar source of income for criminal factions.

# THE INTERNATIONALIZATION OF THE PCC

## PCC International Presence (2023)

**Members** De 1 a 10 De 11 a 20 De 21 a 40 De 41 a 60 De 61 a 100 De 101 a 600 De 601 a 700



Source: MPSP (2023)

- According to a 2023 assessment by the São Paulo Public Prosecutor's Office (MP-SP), the PCC maintains **more than 2,000 members and associates outside Brazil**, distributed across at least 28 countries.
- The PCC's international presence is concentrated primarily in **South America**, particularly in countries that play a strategic role in drug trafficking and logistics networks. MP-SP identified the largest concentrations outside Brazil in **Paraguay** (699 members), **Venezuela** (656), and **Bolivia** (146).

## PCC AND CV: A DISTINCT MODEL OF ORGANIZED CRIME

CHARACTERISTIC	TRADITIONAL LATIN AMERICAN CARTELS	PCC / CV
ORIGINS	Drug trafficking organizations	Prison-based organizations
GOVERNANCE	Leadership centered on trafficking networks	Strong prison-system governance and command structures
TERRITORIAL CONTROL	Strategic trafficking corridors and production areas	Deep influence within urban communities and prisons
REVENUE SOURCES	Primarily drug trafficking	Highly diversified criminal portfolio
COMMUNITY INFLUENCE	Varies by organization	Extensive influence over local commerce, transportation, internet services, and dispute resolution
ORGANIZATIONAL REACH	Regional and transnational	Regional and transnational



02

EXPANSION OF U.S. FTO DESIGNATIONS IN LATAM

## A NEW DIRECTION

### U.S. DEPARTMENT OF JUSTICE (DOJ)

*Executive Order 14157 and New FCPA Guidelines (February 2025 – June 2025)*

- Prioritization of corruption cases that facilitate the activities of cartels and Foreign Terrorist Organizations (FTOs).
- Increased focus on cases involving:
  - Material support to designated criminal and terrorist organizations;
  - The facilitation of transactions conducted by such organizations; and
  - Corruption with implications for U.S. national security.
- Enhanced scrutiny of foreign companies and third-party relationships.

**Objective:** to protect the national security and territorial integrity of the United States.

# 27

ORGANIZATIONS  
DESIGNATED AS FTOs  
ONLY IN 2025

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## POLICY SHIFT

Fifteen of the organizations designated in 2025 are Latin American groups linked to drug trafficking and transnational organized crime.

## RECENT LATAM FTO DESIGNATIONS

### MEXICO

- + Cártel de Sinaloa
- + Cártel Jalisco Nueva Generación (CJNG)
- + Cártel del Noreste (Los Zetas)
- + La Nueva Familia Michoacana (LNFM)
- + Cártel del Golfo (Gulf Cartel)
- + Cáteles Unidos (CU)

### VENEZUELA

- + Tren de Aragua (TdA)

### HAITI

- + Gran Grif
- + Viv Ansanm

### ECUADOR

- + Los Lobos
- + Los Choneros

### EL SALVADOR

- + MS-13
- + Barrio 18

# PCC AND CV FTO DESIGNATIONS (BRAZIL)

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## Terrorist Designation of Comando Vermelho and Primeiro Comando da Capital

PRESS STATEMENT

MARCO RUBIO, SECRETARY OF STATE

MAY 28, 2026

Today, the U.S. Department of State is designating Comando Vermelho (CV) and Primeiro Comando da Capital (PCC) as Specially Designated Global Terrorists (SDGTs) and intends to designate both groups as Foreign Terrorist Organizations (FTOs), effective June 5, 2026.

CV and PCC are two of the most violent criminal organizations in Brazil. Together, they command thousands of members and have orchestrated brutal attacks against Brazilian police officers, public officials, and civilians. Their influence and illicit networks extend far beyond Brazil's borders, across our region and into our country.

The Trump Administration will continue 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. Today's action taken by the State Department further demonstrates the Trump Administration's unwavering commitment to dismantling cartels and criminal organizations in our region and ensuring the safety of the American people.

*Today's actions are taken pursuant to section 219 of the Immigration and Nationality Act and Executive Order 13224. FTO designations go into effect upon publication in the Federal Register.*

## **EXECUTIVE ORDER 13224**

As part of the broader policy shift linking transnational organized crime to U.S. national security concerns, the Department of State also designated **PCC and CV as FTOs and SDGTs on May 28, 2026.**



03

LEGAL, REGULATORY, AND CIVIL LIABILITY RISKS

# CORE LIABILITY RISKS

## CRIMINAL, REGULATORY, AND SANCTIONS EXPOSURE

- Any financial, commercial, or operational relationship—even if indirect—may be scrutinized as potential material support to an FTO.
- Exposure extends beyond administrative penalties and may include criminal prosecution, substantial monetary penalties, asset forfeiture, asset blocking measures, and reputational harm.
- Liability may extend beyond the company itself to include parent entities, subsidiaries, directors, officers, employees, and other individuals involved in the relevant conduct.
- Payments made under coercion or duress (e.g., extortion or "protection payments") may nonetheless be viewed by U.S. authorities as prohibited support under applicable laws and enforcement policies.





## CORE LIABILITY RISKS (CONT'D)

### CIVIL LITIGATION EXPOSURE (ATA)

- The Anti-Terrorism Act (ATA) provides a civil cause of action for terrorism-related claims in U.S. courts.
- Liability may extend to parties that knowingly aid, abet, or facilitate prohibited conduct.
- Conscious, voluntary, and culpable participation.
- Potential exposure includes treble damages and recovery of attorneys' fees.

## KEY CONSIDERATIONS

### DUAL DESIGNATION OF PCC

The PCC, specifically, has been designated as an SDN since 2021 and remains subject to OFAC economic sanctions.

OFAC sanctions primarily create regulatory and economic restrictions, whereas FTO designations may give rise to broader criminal and civil liability exposure.

### U.S. NEXUS

Even a limited U.S. nexus may trigger U.S. jurisdiction, including with respect to foreign companies and individuals.

Potential U.S. nexus may arise through U.S. dollar transactions, use of U.S. financial institutions, U.S. securities listings, U.S.-based operations or subsidiaries, or the involvement of U.S. investors, directors, or employees.

## CASE STUDIES

- **CJNG Crude Oil Case (2025):** The DOJ charged Texas crude oil operators [2025] with conspiring to support CJNG by smuggling shipments and directing payments to cartel-linked businesses; the case carries **potentially lengthy prison terms, fines, and asset forfeiture.**
- **Cartel-Related DOJ Material Support Prosecution (2023):** The DOJ prosecuted a father-and-son team [2023] who ran a crude oil company, accusing them of smuggling oil, concealing proceeds, and committing customs fraud in the first case applying material support charges to a cartel; if convicted, they face **imprisonment, multimillion-dollar fines, and forfeiture.**
- **Lafarge S.A. (2022):** Lafarge S.A. pleaded guilty [2022] to supporting ISIS and al-Nusra Front through protection payments in Syria, resulting in a **US\$778 million penalty.**
- **Chiquita Brands (2007):** Chiquita Brands admitted [2007] to making over 100 payments to Colombia's AUC disguised as "security expenses," paying a **US\$25 million fine.**

## *Key Takeaways*

1. Payments before or after designation are prosecutable.
2. Liability arises from **providing "any property or service"**, not intent.
3. Even well-resourced multinationals are vulnerable when local managers treat extortion as routine.

# NEW RISKS FOR FINANCIAL INSTITUTIONS

**Foreign financial institutions** – particularly those doing business in Latin America – now face substantial new risks

1. DOJ is likely to expect an increase in SARs from financial institutions
2. DOJ is likely to expect increased due diligence on the part of financial institutions
3. DOJ is likely to expect institutions to adopt new technologies and to embrace data analytics



04

MITIGATING FTO-RELATED RISK EXPOSURE

# MITIGATING FTO-RELATED RISK EXPOSURE

## Proactive Risk Assessment

- Map potential exposure across supply chains, geographic regions, corporate structures, joint ventures, and logistics networks.
- Prioritize higher-risk sectors, regions, and business activities with known criminal organization presence or influence.
- Assess risks associated with extortion demands, protection payments, and other coercive arrangements.

## Enhanced Due Diligence

- Conduct enhanced reviews of beneficial owners, shareholders, business partners, and other critical third parties.
- Apply heightened scrutiny to high-risk counterparties and transactions.
- Implement risk-based screening and ongoing monitoring throughout the business relationship lifecycle.

## Financial Controls and Forensic Reviews

- Review payments, accounting records, and transactional data to identify red flags and unusual activity.
- Implement controls to detect indirect payment flows, beneficial ownership concerns, and potential links to sanctioned entities, FTOs, or organized criminal organizations.
- Conduct targeted forensic reviews where elevated risks or suspicious indicators are identified.

## Training and Awareness

- Targeted training for employees operating in higher-risk locations.
- Guidance on identifying and escalating extortion demands and protection payments.
- Scenario-based training on interactions with criminal organizations and intermediaries.

# CRIMINAL DIVISION'S CORPORATE ENFORCEMENT AND VOLUNTARY SELF-DISCLOSURE POLICY (CEP)

- The “CEP” is a set of guidelines issued by the U.S. DOJ to address corporate wrongdoing in federal criminal matters. It explains when and how the DOJ’s Criminal Division will reward a company that (1) voluntarily tells prosecutors about its own misconduct, (2) fully cooperates with the government’s investigation, and (3) promptly fixes the underlying problems. The policy seeks to make enforcement more transparent, predictable, and fair—thereby encouraging companies to come forward rather than conceal wrongdoing.
- Traditionally, many companies hesitated to alert authorities because doing so seemed to invite costly penalties and prolonged scrutiny. To reverse that instinct, the DOJ crafted the CEP as a concrete incentive structure: if a company meets the policy’s standards, prosecutors may decline to bring criminal charges altogether, or—if charges are necessary—substantially reduce fines and oversight requirements.

*To qualify for the policy’s primary benefits, a company must satisfy three core criteria:*

- **Voluntary self-disclosure:** A company must report the misconduct before the DOJ learns of it, when there is no legal duty to disclose, and within a reasonably prompt time after discovery. The CEP also includes a whistleblower carve-out: if a whistleblower reports first, a company can still qualify if it self-reports within 120 days of the internal report.
- **Full cooperation:** The company must proactively and promptly share all non-privileged facts, identifying individual wrongdoers, preserving and producing relevant documents—including those overseas—and making knowledgeable employees available for interviews, including those located abroad.
- **Timely and appropriate remediation:** The company must conduct a root-cause analysis, strengthen compliance and ethics programs, discipline responsible personnel, implement strict record-retention controls (including on personal or ephemeral messaging platforms), and take steps such as aligning compensation structures (e.g., clawbacks) to discourage misconduct.

# CRIMINAL DIVISION'S CORPORATE ENFORCEMENT AND VOLUNTARY SELF-DISCLOSURE POLICY (CEP)

At the heart of the CEP are three resolution "tracks."

- **First**, a company that satisfies four core factors (voluntary self-disclosure, full cooperation, timely and appropriate remediation, and absence of serious aggravating circumstances) is eligible for a complete declination of prosecution, though it must still pay disgorgement, forfeiture, and restitution to victims.
- **Second**, a "near-miss" category applies if the company self-reports in good faith but either misses a technical disclosure requirement or faces certain aggravating factors; in those cases, the DOJ will generally offer a non-prosecution agreement lasting fewer than three years, waive the need for an outside compliance monitor, and cut up to 75 percent off the bottom of the U.S. Sentencing Guidelines fine range.
- **Third**, where a company falls short on one or more key factors, prosecutors retain discretion to impose an appropriate criminal resolution but will ordinarily still consider cooperation and remediation when deciding penalties, typically capping fine reductions at 50 percent, usually applied from the low end of the Sentencing Guidelines range when cooperation and remediation are meaningful.

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# FINANCIAL CRIME RISKS IN LATIN AMERICA

Managing Evolving AML and Compliance Challenges



## SPEAKERS



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**GINA PARLOVECCHIO**

# AGENDA

1. Introduction
2. AML & Financial Enforcement
3. Compliance & Risk Mitigation



01

INTRODUCTION

## US POLICY SHIFT: CARTELS & FTOS A NATIONAL SECURITY THREAT

### *Evolution from Criminal Enterprises to National Security Threats*

- Historically, cartels were treated primarily as profit-driven narcotics trafficking organizations, addressed through traditional criminal-law enforcement.
- Since 2025, executive actions direct agencies to designate cartels as Foreign Terrorist Organizations (FTOs) and dismantle them using counterterrorism mechanisms.
- As a result, enforcement has shifted from a purely criminal framework to a national-security paradigm, expanding enforcement tools and potential exposure for companies, individuals, and financial institutions.



CARTELS ARE NO LONGER  
JUST A LAW  
ENFORCEMENT ISSUE —  
**THEY ARE NOW A CORE  
COMPLIANCE RISK.**

# WHITE COLLAR ENFORCEMENT PRIORITIES

FEBRUARY 5, 2025

- US Attorney General memorandum: “Total Elimination of Cartels and Transnational Criminal Organizations”
- Prioritizes cases involving foreign bribery tied to Cartels and Transnational Criminal Organizations (TCOs)

MAY 11, 2025

- DOJ’s memorandum: “Focus, Fairness, and Efficiency in the Fight Against White-Collar Crime”
- Identifies 10 high-impact enforcement priorities, including treatment of cartels and TCOs as national-security threats, not just as criminal-law issues
  - Target conduct threatening US national security, including:
    - Risks to the US financial system, such as financial institutions and their insiders that commit sanctions violations or enable transactions by drug cartels, TCOs, hostile nation-states, or FTOs
  - Material support by corporations to FTOs

JUNE 10, 2025

- FCPA enforcement pause lifted and new DOJ guidelines issued
- Prioritize misconduct causing identifiable harm to US interests and cases involving individual wrongdoing
- Avoid burdensome investigations of companies absent evidence of systemic compliance failures
- Limit undue burdens on US companies operating abroad
- Focus on foreign companies that compete with US companies, and on cases involving TCOs or cartels

## December 4, 2025 ACI’s 42<sup>nd</sup> Annual Conference on FCPA and Global Anti-Corruption

- + *Todd Blanche (Deputy Attorney General) insisted DOJ is pursuing such cases with “precision and vigor.”*
- + *Matt Galeotti (DOJ, Head of the Criminal Division) highlighted a return to a “traditional cadence” of enforcement, urging companies to invest in compliance and voluntary self-disclosure*

# GEOGRAPHIC EXPOSURE TO FTO DESIGNATIONS AND US ENFORCEMENT

COUNTRY	FTO DESIGNATIONS	US COOPERATION	STATUS
ARGENTINA	Argentina designated foreign groups: CJN (Mexico); Los Choneros (Ecuador); Los Lobos (Ecuador)	High	Aligned with US
BOLIVIA	Supportive of designations	Moderate	Partial alignment
BRAZIL	Resists FTO label for PCC/CV	Limited; Sovereignty concerns	Dissenter
COLOMBIA	Segunda Marquetalia; ELN FARC-EP; Clan de Golfo	Moderate (President under investigation)	High tension
ECUADOR	Los Choneros; Los Lobos	Very High (joint operations)	Strongly aligned
EL SALVADOR	MS-13; Barrio 18	Selective cooperation driven by sovereignty concerns	Broadly aligned on goals
HAITI	Viv Ansanm; Gran Gri	High (MSS mission)	Ongoing crisis
MEXICO	Cártel de Sinaloa; CJNG; CDN; LNFM; Gulf Cartel; Cárteles Unidos	Mixed (sovereignty disputes)	Central risk
PARAGUAY	Paraguay designated foreign groups: PCC and CV (both from Brazil)	Very High (SOFA signed)	Strongly aligned
PERU	Sendero Luminoso	High	Aligned
VENEZUELA	Tren de Aragua; Cartel de los Soles	Adversarial	Sanctions exposure

# NEW METHODS OF TARGETING COMPANIES

## + HEIGHTENED SCRUTINY OF THIRD-PARTY ECOSYSTEMS

- Investigations increasingly examine:
  - Contractors, security vendors, transport providers, port operators, customs brokers
  - Joint-venture partners and state-owned entities
  - Government-facing intermediaries
- Failure to detect indirect ties to designated or emerging FTOs is now a **primary enforcement vulnerability**.

## + MULTI-AGENCY, PARALLEL ENFORCEMENT

- Enforcement actions increasingly involve **multiple US agencies simultaneously**, combining:
  - Criminal prosecution
  - Sanctions enforcement
  - AML and financial-crime actions
  - Civil penalties and forfeiture

## + GEOGRAPHIC EXPOSURE IS BECOMING A RISK FACTOR

- Authorities are prioritizing cases involving operations in cartel-influenced regions
- Enforcement actions increasingly evaluate awareness of cartel-related exposure

*Failures are framed not just as compliance gaps, but as national security risk management failures.*



02

AML & FINANCIAL ENFORCEMENT



# MONEY LAUNDERING RISK CENTRAL TO CARTEL & FTO EXPOSURE

## How Cartels Use Financial Systems

Cartels and TCOs rely on complex laundering schemes to:

- Move proceeds from **drug trafficking, fuel theft, and fraud**
- Fund operations through:
  - **Shell companies**
  - **False invoicing and trade-based money laundering**
  - **Cash-intensive intermediaries and MSBs**

## Enforcement Is Increasing

- DOJ, FinCEN, and Treasury are prioritizing:
  - **Cartel-linked money laundering**
  - **Financial flows enabling drug production and trafficking**
- Enforcement includes:
  - **Parallel AML, sanctions, and FCPA investigations**
  - **Increased review of Suspicious Activity Reports (SARs) involving companies**

## FINANCIAL ENFORCEMENT *INTENSIFIED*

- US policy increasingly relies on **financial-system controls**, not just prosecutions, to disrupt cartels and FTOs
- Tools include:
  - OFAC sanctions (SDGT / FTO-linked)
  - FinCEN orders and Section 311 actions
  - Geographic Targeting Orders (GTOs)
  - Asset freezes, transaction bans, and correspondent-bank restrictions

Treasury and FinCEN enforcement is now a primary mechanism for disrupting cartel-linked activity—and companies are often the first collateral impact.

Financial enforcement has significantly intensified, with FinCEN and the US Treasury targeting:

- + *Institutions*
- + *Transaction flows*
- + *Financial networks linked to cartel activity*

## SECTOR IMPLICATIONS

*FinCEN actions can freeze assets and payments overnight—posing major operational and contractual risk for energy and chemical companies.*

- + *Even lawful payments can become un-processable*
- + *Trade finance, commodity payments, and joint-venture cash flows may be disrupted*
- + *Companies may be forced to exit markets abruptly*

## FINCEN ENFORCEMENT TOOLS

### FinCEN Authorities

- Section 311 of the USA PATRIOT Act allows Treasury to designate:
  - A financial institution, class of transactions, or jurisdiction
  - As a “primary money laundering concern”
- Consequences include:
  - Restrictions on correspondent accounts
  - De-risking by global banks
  - Loss of access to USD clearing

### Recent Cartel-Linked Applications

- FinCEN orders and actions tied to:
  - Mexican financial institutions
  - Border-region Money Services Businesses (MSBs)
  - Transactions involving cartel-linked fuel theft, oil smuggling, and precursor chemicals

# OFAC SANCTIONS

## STRICT LIABILITY MEETS CARTEL DESIGNATIONS

- Cartels designated as:
  - Foreign Terrorist Organizations (FTOs), and/or
  - Specially Designated Global Terrorists (SDGTs)
- OFAC sanctions impose:
  - Strict liability
  - Asset blocking
  - Prohibition on any dealings by US persons

### *WHY OIL, GAS, AND CHEMICALS ARE EXPOSED*

High-risk touchpoints include:

- Payments to:
  - Contractors
  - Transporters
  - Security providers
- Dealings with:
  - State-owned enterprises
  - Local partners in cartel-controlled regions
- Fuel, chemicals, or logistics diverted into cartel-linked ecosystems

***Sanctions risk does not require intent**—only a nexus to a designated cartel or FTO.*

# KEY DEVELOPMENTS

## *MEXICAN FINANCIAL INSTITUTION DESIGNATIONS*

- June 25, 2025: FinCEN issued its first orders under the FEND Off Fentanyl Act against:
  - CIBanco
  - Intercam Banco
  - Vector Casa de Bolsa
- Designated as **primary money laundering concerns**
- Orders (effective October 20, 2025) prohibit US financial institutions from processing transactions involving these entities
- **Energy and chemical companies operating in Mexico or paying Mexican counterparties can be collateral damage, even with no wrongdoing, or forced to unwind contracts or halt operations**

## *BORDER-REGION MSBS (MONEY SERVICES BUSINESSES)*

- FinCEN has focused on MSBs operating near the US–Mexico border, including:
  - Currency exchangers
  - Wire transmitters
  - Cash-intensive payment processors
- Tools used:
  - **Geographic Targeting Orders (GTOs)**
    - March 2025: FinCEN issued GTO covering the US southwest border
    - September 2025: Expanded to lower reporting threshold to \$1,000
    - January 2026: New GTO for Minnesota (Hennepin & Ramsey counties): Requires reporting of transactions  $\geq$  \$3,000
  - Enhanced CTR/SAR reporting thresholds
  - Large-scale data sweeps and referrals to DOJ/IRS
- **Even if your company does not use MSBs, your vendors might—creating indirect exposure**

# KEY DEVELOPMENTS

## *SECTION 311 PROPOSED RULEMAKING*

November 2025: FinCEN issued NPRM identifying transactions involving:

- **10 Mexico-based gambling establishments**

Linked to cartel networks (including Sinaloa Cartel)

- If finalized: US institutions would be **prohibited from maintaining correspondent accounts** tied to these entities

## *OFAC SANCTIONS EXPANSION*

June 2025 – April 2026: OFAC sanctioned:

- Cartel networks
- Affiliated businesses and intermediaries

Targeted activities include:

- Timeshare fraud schemes
- Casino operations
- Fuel theft and oil smuggling networks
- Precursor chemical supply chains (India–Guatemala–Mexico)



## COMPOUNDING RISK

- **Parallel Investigations and Regulatory Coordination**
- Financial enforcement is increasingly coordinated across AML, sanctions, and FCPA regimes—creating overlapping scrutiny and rapid business disruption, even where exposure arises indirectly through transaction networks.
- Where potential **FCPA or sanctions issues** are identified:
  - FinCEN may initiate **parallel AML inquiries**
  - Financial institutions may be asked to review **Suspicious Activity Reports (SARs)** involving companies or counterparties
- DOJ guidance (June 2025) confirms a focus on:
  - Cases involving **cartels, TCOs, or related money laundering**
  - Integration of **anti-corruption enforcement into the broader financial-crime framework**



03

COMPLIANCE & RISK MITIGATION

*Whistleblower programs make early detection, internal escalation, and rapid response critical for companies operating in high-risk environments.*


## WHISTLEBLOWER PROGRAMS INCREASING DETECTION AND ENFORCEMENT RISK

### *Expanding Whistleblower Incentives*

- US enforcement increasingly relies on **whistleblowers to identify corporate misconduct**
- Key programs include:
  - DOJ Corporate Enforcement & Voluntary Self-Disclosure Policy (CEP)
  - FinCEN Whistleblower Program (BSA, IEEPA, Kingpin Act)
- Individuals may receive:
  - **Leniency or reduced penalties**
  - **Potential financial incentives (in certain frameworks)**
- Whistleblower programs increasingly focus on reports involving:
  - Material support to terrorism (including cartels designated as FTOs)
  - Sanctions violations
  - Money laundering and financial crimes
  - Trade, customs, and procurement fraud

# MANAGING CARTEL, FTO & FINANCIAL-CRIME EXPOSURE

1. STRENGTHEN RISK ASSESSMENT & GOVERNANCE	2. ENHANCE THIRD-PARTY DUE DILIGENCE	3. STRENGTHEN FINANCIAL CONTROLS & TRANSACTION MONITORING
<ul style="list-style-type: none"> <li>Integrate cartel/FTO risk into enterprise risk management (ERM)</li> <li><b>Identify exposure</b> across:               <ul style="list-style-type: none"> <li>Geographies (cartel-influenced regions)</li> <li>Assets (pipelines, terminals, facilities)</li> <li>Transactions (payments, logistics, chemical sales)</li> </ul> </li> <li>Elevate oversight to senior management and board level</li> </ul>	<ul style="list-style-type: none"> <li><b>Expand screening</b> beyond customers to include:               <ul style="list-style-type: none"> <li>Contractors, transporters, security providers, brokers</li> <li>Distributors and chemical buyers</li> </ul> </li> <li><b>Assess:</b> <ul style="list-style-type: none"> <li>Ownership structures (shell companies)</li> <li>Geographic risk and cartel presence</li> </ul> </li> <li><b>Implement continuous monitoring</b>, not one-time onboarding</li> </ul>	<ul style="list-style-type: none"> <li><b>Increase scrutiny of:</b> <ul style="list-style-type: none"> <li>Unusual payment structures (cash, layered transfers, crypto)</li> <li>False invoicing and trade-based money laundering risks</li> </ul> </li> <li>Align controls across:               <ul style="list-style-type: none"> <li>AML, sanctions, and FCPA frameworks</li> </ul> </li> <li>Establish escalation protocols for high-risk transactions</li> </ul>
4. PREPARE FOR DISRUPTION FROM FINANCIAL ENFORCEMENT	5. STRENGTHEN INTERNAL REPORTING & RESPONSE	6. IMPLEMENT COMPLIANCE HALLMARKS
<ul style="list-style-type: none"> <li><b>Develop contingency plans</b> for:               <ul style="list-style-type: none"> <li>Banking disruptions (FinCEN / Section 311 actions)</li> <li>Sanctions designations or counterparty de-risking</li> </ul> </li> <li><b>Review contracts</b> for:               <ul style="list-style-type: none"> <li>Termination rights</li> <li>Force majeure provisions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>Ensure effective whistleblower channels</b> and escalation processes</li> <li><b>Train</b> frontline employees (operations, procurement, logistics) to identify:               <ul style="list-style-type: none"> <li>Cartel influence</li> <li>Coercive payment demands</li> </ul> </li> <li><b>Enable rapid investigation and decision-making</b></li> <li><b>Enforcement and discipline</b></li> </ul>	<ul style="list-style-type: none"> <li>Tone at the top</li> <li>Update Code of Conduct, Policies and Procedures</li> <li>Deploy compliance resources and systems</li> <li>Implement tools to evaluate the program effectiveness and detect violations</li> <li>Implement compliance reviews and audits (internally and by third parties)</li> </ul>



**SPEAKER BIOGRAPHIES**



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Michel Sancovski serves clients on corporate compliance, internal investigations, and government enforcement. He advises clients by:

- Accounting for local and foreign laws
- Coordinating highly complex major investigations
- Developing, reviewing, and implementing compliance programs
- Assisting with anti-corruption due diligences in third parties and in the context of M&A transactions and IPOs

Michel has also experience in government enforcement, particularly in the defense of administrative and judicial cases originating from the application of several anti-corruption laws. He works for clients by negotiating settlements and cooperation with regulators and authorities in Brazil and in the US. He has experience in cross-border cases in Latin America, mainly in Mexico, Colombia, and Argentina.

Michel advises clients in many sectors, including Agribusiness, Energy, Infrastructure and Telecommunication.



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Kelly Kramer represents companies and individuals in high-stakes litigation, criminal cases, and government investigations. Kelly has served as lead trial counsel in several notable cases, including multi-week criminal trials against a former member of Congress and the president of one of the largest labor unions in the United States. He has also successfully tried a trailblazing False Claims Act case predicated on Customs fraud. In addition to his trial work, Kelly conducts internal investigations on behalf of major companies, including management consulting firms, private equity funds, pharmaceutical companies, telecommunication companies, defense contractors, media companies and lobbying firms.

Kelly has broad experience in federal criminal, antitrust, and securities laws. He has represented companies and their executives in fraud, tax, cartel and money laundering investigations. He has deep experience with public corruption cases, including both domestic matters and cases arising under the Foreign Corrupt Practices Act (FCPA), as well as with criminal cartel cases. He also counsels multinational companies on enforcement risks arising out of employment, immigration, and Customs matters.

Much of Kelly's work is global, involving clients in Europe, Asia and the Americas. In 2009, he led a successful effort to dissolve restraining orders imposed on a Cayman Island hedge fund in a case that presented a question of first impression concerning the scope of the USA PATRIOT Act. More recently, he led the Government of Brazil's successful efforts to secure the United States' assistance in seeking to repatriate one of the world's largest gems, the "Bahia Emerald." Both cases have been closely watched by the legal media and international criminal lawyers in the United States and abroad.



J&F GROUP  
GLOBAL COMPLIANCE AND LEGAL DIRECTOR

**LUCIO BATISTA MARTINS**

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Lucio Martins is the Global Compliance and Legal Director of the J&F group, the holding company that controls nine companies, including the world's largest food company, JBS. He has been with the group since 2014, where he began his career as an executive legal manager. With a 20-year career in the legal department of multinationals, Lucio has solid experience in the areas of compliance, litigation, contracts and corporate law. He currently heads a global Compliance executive committee, which directs the activities of all the companies in the area of Compliance and their operations in the 190 countries in which the group operates.

Lucio has also worked in other companies, such as Mondelez International, and in others law firms. He has a degree in Law from the Pontifícia Universidade Católica (PUC) - Paraná, and a postgraduate qualification in LL.M. in Business Law from the Fundação Getúlio Vargas (FGV). He also has complementary courses such as CPC-A from Legal, Ethics & Compliance (LEC) and as a Board Member from the Brazilian Institute of Corporate Governance (IBGC).



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**GUSTAVO MORALES OLIVER**

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Gustavo Morales Oliver is a senior investigations, disputes, risk advisory, and crisis management professional with more than 20 years of experience leading complex cross-border matters across Latin America and North America. After over two decades practicing law, he transitioned into consulting, where he leverages his extensive cross-border experience to assist multinational companies, financial institutions, boards, and outside counsel. His work on internal and government investigations includes corruption, fraud, FCPA and ABAC matters, sanctions, money laundering, and asset tracing, as well as sensitive investigations linked to transnational organized crime and Foreign Terrorist Organizations (FTOs) across the region.

At FTI Consulting, Gustavo leads and supports multidisciplinary teams assembled for each engagement, bringing together specialists across jurisdictions, industries, and technology-enabled investigative capabilities, with a focus on Latin America, the United States, and Canada. Prior to joining FTI, he was Partner and Chair of the Compliance, Anti-Corruption & Investigations practice at a leading Latin American law firm, where he built and led a premier cross-border investigations practice while also handling litigation, M&A, compliance, and governance matters. He is admitted in Argentina and New York and has been recognized over the years as a leading professional by Chambers & Partners, Who's Who Legal, and The Legal 500. He is also co-director and co-author of the Compliance Treatise published by Thomson Reuters and has taught compliance and investigations at leading law and business schools.



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Gina Parlovecchio represents corporate and individual clients in internal and government investigations and white collar criminal defense, particularly on matters regarding anti-money laundering (AML), securities fraud, sanctions and export control violations, corruption, cryptocurrency-related offenses and healthcare fraud. Drawing on her background prosecuting cross-border matters in the United States, Central America, South America and Europe, Gina also advises clients on international investigations.

Clients involved in complex civil litigation also rely on Gina's extensive trial experience to represent them in cases likely to result in trial and in trial proceedings. Gina has tried 13 jury trials to verdict in federal court and has represented clients in bankruptcy adversary hearings and state pre-trial proceedings. Most recently, Gina represented a financial institution in a five-week federal civil jury trial in connection with aiding and abetting claims arising from a multibillion-dollar Ponzi scheme. In addition, she has represented clients in class-action and breach of fiduciary duty disputes, pharmaceutical compliance-related cases, trademark and trade dress infringement matters, bankruptcy matters, asset forfeiture and contempt proceedings.

Prior to joining Mayer Brown, Gina was an Assistant United States Attorney (AUSA) in the US Attorney's Office for the Eastern District of New York (EDNY), where she served as the chief of the office's International Narcotics and Money Laundering Section (INMLS). As an Assistant United States Attorney (AUSA), Gina investigated, prosecuted and tried some of the EDNY's most complex, sensitive and high-profile cases across a wide spectrum of subject matters, including international money laundering, Bank Secrecy Act violations, mail and wire fraud, tax fraud, Office of Foreign Assets Control (OFAC) violations, pharmaceutical regulatory compliance, bribery and international public corruption. In her role as a prosecutor, Gina served as lead trial counsel in numerous criminal jury trials, including serving as lead trial counsel in the EDNY's recent prosecution of one of the world's largest drug kingpins, Joaquin "El Chapo" Guzman Loera. She also argued criminal appeals before the Second Circuit. Prior to becoming the chief of INMLS, she served as the INMLS deputy chief and co-chief of the Anti-Money Laundering Strike Force and led the Office's Mexican Cartel program. She previously served in the office's Organized Crime and Racketeering Section and General Crimes Section, and played a critical role in building the office's money laundering and Bank Secrecy Act practice.

Before becoming an AUSA, Gina worked on several prominent securities, commercial, patent and employment litigation matters at a large national law firm. Earlier in her career, she clerked for the Hon. Edith Brown Clement of the United States Court of Appeals for the Fifth Circuit.



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Glen Kopp represents clients in a number of areas, including commodities and securities fraud, foreign corruption, government contracting fraud, corporate compliance, insider trading, and criminal antitrust.

Given Glen's prosecutorial and litigation background, Glen's experience includes representing clients in Chapter 15 bankruptcy proceedings, both in support of foreign liquidators with recognition in the United States looking to trace assets and develop claims for the foreign bankruptcy estate, and defending clients from foreign representatives. Glen has assisted private equity clients with an array of issues involving the US Department of Justice (DOJ), the US Securities and Exchange Commission (SEC), state attorneys general, and private claimants. He also advised a private equity on navigating through a monitorship and federal receivership.

In addition, Glen has led internal investigations into possible Foreign Corrupt Practices Act (FCPA) violations, government contract fraud under the False Claims Act, embezzlement, and antitrust violations. He has drafted anti-corruption policies and procedures, conducted anti-corruption training for employees and management, and handled DOJ, SEC, and state attorney general investigations for corporate and individual clients. Glen also assisted a global financial institution in relation to a large-scale compliance remediation project that resulted from a DOJ resolution of fraud allegations involving the bank's global markets trading business.

Glen formerly served as Assistant United States Attorney in the Southern District of New York where he served for more than five years. As an Assistant United States Attorney, Glen conducted complex domestic and international investigations, prosecuted criminal jury trials, and argued before the Second Circuit Court of Appeals. His work included a wide variety of fraud investigations and matters involving money laundering, terrorism, international narcotics trafficking, and national security.



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Marjorie is a seasoned legal and compliance executive with 20+ years across capital markets, ESG, fintech, and regulatory law. She is a proven advisor to public companies, pre-IPO ventures, and startups navigating IPOs, M&A, and complex financing. Marjorie is known for leading cross-cultural teams, building strong regulatory relationships, and embedding governance as a strategic advantage.



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Mariana Cardoso is a Statutory Director and Global Chief Compliance Officer of the BTG Pactual Group, based in the firm's headquarter in São Paulo. With over 30 years of experience in the investment fund industry, she is one of the most long-standing executives at the firm, having joined Pactual in 1996 and becoming a partner in 2006.

At the international governance level, she serves on the Supervisory Board of BTG Pactual Europe S.A. and on the US affiliate Board of Directors of BTG Pactual Holding International S.A., reflecting her responsibilities on compliance and regulatory matters across the Group

She holds a Bachelor's degree in Economics from UFRJ – Federal University of Rio de Janeiro.

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