

 News (Intelligence)

Operation Hidden Carbon in Brazil: Preventing Organized Crime Infiltration Risks in the Private Sector

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On 28 August 2025, Brazil’s federal and state authorities launched Operation Hidden Carbon (*Operação Carbono Oculto*), the most extensive investigation against organized crime in the country’s history.

The investigation revealed how the First Capital Command (*Primeiro Comando da Capital*, “PCC”), Brazil’s largest transnational criminal organization, infiltrated São Paulo’s financial district through money-laundering and tax-fraud schemes targeting the energy sector.

Despite growing awareness, many companies still lack robust, targeted controls to prevent organized crime from infiltrating their supply chains and eroding corporate integrity.

PCC’s rise from prison cells to global financial networks

The PCC began as a small inmate collective in São Paulo’s prisons in the early 1990s. Since then, it has evolved into one of South America’s most powerful organized crime



operations.

Prosecutors claim that the PCC has generated BRL 10 billion (USD 1.9 billion) in illicit fuel imports, BRL 52 billion (USD 9.6 billion) in retail sales from over 1,000 gas stations, and BRL 46 billion (USD 8.5 billion) in transactions via unlicensed fintech platforms functioning as shadow banks since 2020. Investigators also identified closed-end investment funds and other vehicles holding an additional BRL 30 billion (USD 5.6 billion) in assets, including ethanol plants, a port terminal, real estate, and a nationwide truck fleet.

The illicit gains were channeled into investment funds along Avenida Faria Lima, known as Brazil's *Wall Street*, where they were converted into legitimate equity holdings and tangible assets. As part of the operation, over 40 of these investment funds were subjected to scrutiny, some with equity holdings valued in the tens of billions of Brazilian reals.

Public disclosures from Brazilian authorities named asset management and chemical-sector firms as either subjects of the investigation or cooperating entities, resulting in a sharp market sell-off of their equities. For example, asset manager REAG Investimentos SA ("REAG") saw its shares plunge by over 15% just one day after it was named as a subject of the investigation. Investors from REAG's wealth-management division reportedly withdrew over BRL 300 million (USD 56.5 million) in equity value that day. Since then, REAG's controlling entity has begun the process to delist from São Paulo's stock exchange and change its name to Arandu Investimentos SA.

Conversely, shares of other fuel distributors including Raízen SA, Ultrapar Participações SA, and Vibra Energia SA posted strong gains a day after investigation began. As a Goldman Sachs analyst noted at the time, the operation benefited major distributors because one of the main constraints on their profitability and market share has



As of December 2025, investigations remain active, with ongoing asset freezes, criminal indictments, and additions of fugitives to Interpol's red notice list.

Implications for the private sector

Operation Hidden Carbon underscores the need for a systematic assessment of how organized crime infiltration reshapes business risk.

A December 2025 [study](#) by Transparency International Brazil and Datafolha surveyed 96 compliance professionals from Brazil's 1,000 largest companies. It found that 96% of respondents believe organized crime has become a growing threat to corporate integrity over the past two years, yet only 57% say companies they deal with have specific controls to mitigate this risk.

Another [study](#) by the Brazilian Forum on Public Security estimated that over BRL 146 billion (about USD 27.4 billion) was diverted from legitimate supply chains to organized crime networks, particularly in the oil, beverage, tobacco, and gold sectors.

Business leaders and fund managers within the Faria Lima financial district have already begun to factor in "organized crime risk" as a key component to their investment decision-making process. Indeed, failing to adequately account for the infiltration of organized crime expose institutions to sudden asset freezes, reputational damage, steep market losses, and regulatory penalties both at the national and international level.

The following risk assessment, due diligence, and compliance protocols can help detect and prevent risks associated with organized crime infiltration:

- **Integrate business and criminal intelligence into decision-making:** Traditional business intelligence often overlook how organized crime infiltrates the private sector. To counter this, corporations and



networks, identifying their partners, and exposing the enablers they exploit. In practice, this means uncovering hidden business networks, identifying unknown associates, conducting on-site interviews, and flagging unusual registration or dissolution patterns that standard background checks rarely catch.

- **Assess criminal risk and sector-specific exposure:** Unlike traditional risk mapping, a practical criminal-risk assessment should examine how criminals generate profits and launder money in a given sector, which entry points they favor, and the types of intermediaries they rely on. Investors who rely solely on public information risk overlooking critical vulnerabilities. Engaging specialists with access to comprehensive records, field intelligence, and cross-border research tools enables identification of high-risk actors, intermediaries, and complex corporate structures. Reviewing past cases further highlights where similar schemes could impact investments or disrupt supply chains.
- **Perform crime-sensitive due diligence:** Preventing organized crime infiltration requires a crime-sensitive due diligence approach. This approach focuses on verifying who really owns a company, who stands behind them, and whether there are signs of coercion, hidden partners, or irregular money flows. This includes understanding the history and evolution of organized crime across jurisdictions, checking beneficial ownership across borders, reviewing the track record of shareholders and advisers, and pulling financial patterns that suggest unexplained capital movements. It also involves looking beyond paper records, reviewing social media presence, family and friendship networks, associates, and both former and current corporate affiliations to map opaque ownership chains and indicators that a counterparty may be acting as a front.



means turning the previous recommendations into routine checks: reviewing higher-risk partners more closely, tightening third-party verification, and flagging unusual payments, ownership changes, or intermediaries that often signal infiltration. Corporations and investors should get support to identify gaps in existing processes, review high-risk relationships, promote capacity-building trainings, and establish industry-specific red flags to detect vulnerabilities.

“Operation Hidden Carbon reveals how organized crime can exploit regulatory gaps, supply chains, and complex corporate structures to infiltrate legitimate businesses,” said Qi Zha, head of US at Blackpeak. “Understanding these vulnerabilities is critical, identifying opaque ownership and mapping high-risk relationships early can help prevent escalation.”

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