EUROPEAN CENTER FOR CONSTITUTIONAL AND HUMAN RIGHTS

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Q&A Money Laundering Allegations against Big Meat Business in relation to Criminal Deforestation in the Amazon

What is the underlying crime and how is JBS allegedly involved?

Cutting down amazon forest to expand pastureland for cattle farming is illegal in Brazil when carried out without a permit. As large parts of the Amazon biome are now legally protected, such practices violate Brazilian criminal law: unlawful land clearing (Art. 38 et seq. and 50-A Brazilian Environmental Crimes Law) and land grabbing (Art. 50 Brazilian Urban Land Subdivision Law and Art. 20 Agrarian Law). They also frequently coincide with the displacement of Indigenous communities through coercion (Art. 146 Brazilian Criminal Code), physical violence (Art. 129) and in some cases homicide (Art. 121).

According to research by AidEnvironment JBS's direct and indirect supply chains between 1988 and 2026, are linked to 6.5 million hectares of deforested land. At least 80% of this land is likely to overlap with specially protected zones that fall under the above-mentioned criminal regulations.

Who is affected most by illegal deforestation?

In theory, Brazilian federal law especially protects Indigenous Territories. However, by late 2023, an estimated 60,000 cattle were being illegally raised on nearly 900 km² of pastureland inside these territories. For example: Apyterewa in the state of Pará is the traditional territory of the Parakanã Indigenous people, legally recognized in 2007. Between 2008 and 2023, it was the most deforested Indigenous Territory in the entire Amazon, largely due to cattle industry expansion. More than 476 km² — around 6% of the territory — was destroyed, with a sharp spike under former President Jair Bolsonaro (2019-2023). So Indigenous communities are clearly the most affected by deforestation: they are forced out of their own territories; their homes and livelihoods are destroyed, and their human rights are systematically violated. Indigenous leaders who defend

their rights face physical and psychological threats by private militias hired by cattle ranchers and companies, often backed by state police forces. This is also linked to increased criminalization and persecution of indigenous leaders and their communities, which was particularly intensified under the government of Jair Bolsonaro.

What legal action is being taken against JBS's parent company?

JBS recently moved its headquarters from Brazil to the Netherlands. According to the TLC's analysis, this Dutch parent company, JBS N.V, is the entity which holds the proceeds of crime generated by the sale of beef products from cattle raised on illegally deforested land in the Brazilian Amazon – so-called "cattle-laundering." Therefore, TLC has filed a complaint with the Dutch Public Prosecutors office (Openbaar Ministerie, Functioneel Parket) outlining the case for a criminal investigation.

How are financial service providers, like BlackRock and others, linked to the underlying crime?

European financiers, along with legal and accounting firms are legally required to carry out enhanced due diligence checks on any clients which have a high risk of being involved in money laundering, and report any suspicion of money laundering to the relevant authorities. The TLC's position is that these AML obligations have not been properly undertaken in the case of JBS, given the clear evidence that they are engaged in money laundering of the proceeds of the crime of illegal deforestation.

This theory applies across all four European jurisdictions because the underlying legal frameworks are very similar: they are all based on the same EU 4th Anti-Money Laundering Directive (including the UK's own AML Regulations, despite Brexit). The TLC is sending a short letter directly to the target financial actors outlining the legal and evidentiary basis of its complaint against them. This is intended to prompt these financial institutions to comply with their anti-money laundering obligations regarding JBS – including reporting it for suspected money laundering – prior to any action being taken by the financial regulatory and supervisory authorities.

In which countries did the TLC file complaints against financial service providers?

- **Netherlands – Loyens & Loeff, EY, KPMG, Rabobank and ING Bank**

The Dutch complaints all follow the same structure, all under the Dutch Prevention of Money Laundering and Terrorist Financing Act: (i) a regulatory complaint to De Nederlandsche Bank (DNB) concerning the US subsidiaries of Rabobank and ING Bank which are involved in lending to JBS, (ii) a regulatory complaint to the Financial Supervision Office (Bureau Financieel Toezicht BFT) concerning JBS N.V.'s Dutch law firm Loyens & Loeff, EY accounting firm and its auditor KPMG, who provide legal and accounting services to JBS, and (iii) a regulatory complaint to the Deken (Dean) of the Amsterdam Bar Association specifically concerning the conduct of the Loyens & Loeff lawyers.

- **Germany – BlackRock Asset Management Deutschland AG**

The TLC is filing a formal complaint with the BaFin, the Federal Financial Supervisory Authority, against BlackRock Asset Management Deutschland AG in regard to their management of the group's fund holdings linked to JBS. The complaint is based on the Anti-Money Laundering Act (Geldwäschegesetz (GwG)) – specifically concerning the obligations to conduct a risk analysis, implement internal safeguards, carry out customer due diligence and submit suspicious activity reports, as well as the German Criminal Code (StGB), including the offenses relating to money laundering, endangering protected areas and property damage/theft. The complaint asks BaFin to investigate and to require remedial action.

- **Ireland – BlackRock Asset Management Ireland Ltd**

The TLC is filing a regulatory complaint with the Central Bank of Ireland against a number of investment funds operated in Ireland by the multinational investment company BlackRock – the largest asset manager in the world – in connection with their investments in JBS. The complaint is directed against BlackRock Asset Management Ireland Limited under the Money Laundering and Terrorist Financing Act 2010 and Ireland's transposition of the EU's 4th AML Directive, before the Criminal Court. As in the UK, the complaint, relying on the evidence procured, argues that BlackRock's investments in JBS should have triggered enhanced due diligence and reporting obligations.

- **United Kingdom – JBS Global (UK) Limited, Barclays Bank, Standard Chartered, Bank of Montreal & Banco do Brasil**

The TLC is filing a regulatory complaint with both the Financial Conduct Authority (FCA) and the National Crime Agency (NCA) in the UK against JBS Globals UK registered branch, as well as, the above-mentioned financial institutions. Barclays and Standard Chartered are two major UK financial institutions. Bank of Montreal and Banco do Brasil both have branches in the UK which are regulated by the FCA. All of these financial institutions/UK branches are involved in financing JBS.

The complaint to the FCA draws on the shared evidence base and a legal opinion confirming that there is a high risk that JBS engages in money laundering in relation to its handling of the proceeds of illegal deforestation in Brazil. It argues that the target financial institutions were therefore under an obligation to conduct enhanced anti-money laundering due diligence concerning JBS under the 2017 UK Anti-Money Laundering Regulations. The complaint further argues that these financial institutions should have reported JBS to the UK's National Crime Agency for suspected laundering of the proceeds of illegal deforestation.

A parallel complaint to the NCA asks it to investigate the target financial institutions and also JBS itself for committing the offense of money laundering, i.e. handling the proceeds of criminal deforestation in Brazil.

What is the TLC's legal demand?

The TLC demands the opening of a criminal investigation into suspected money laundering linked to illegal deforestation and possible failures by financial and professional service providers to comply with due diligence and reporting obligations. With our coordinated legal action against 14 entities across four jurisdictions, we are also asking the regulating authorities to be more alert to illegal deforestation in supply chains as an anti-money-laundering risk.