

Expert Opinion **Corporate Governance**

## US Sanctions, Speech-Linked Conduct and Corporate Exposure

Global Magnitsky is the law, while Executive Order 13818 is the enforcement mechanism that authorizes sanctions against individuals responsible for serious human-rights abuses or corruption, and against anyone who materially assists them. For U.S. persons and entities, this means that property or interests of blocked persons must be frozen, and no funds, goods, or services may be provided to, from, or for their benefit.

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Natala Gindler Corsini of Prae Venire. Courtesy photo

## Free Speech and Sanctions

Recent U.S. sanctions under the Global Magnitsky framework have targeted alleged serious human-rights abuses linked to suppression of lawful expression and the misuse of legal or administrative tools to silence dissent. In early 2025, the United States sanctioned a high-ranking judicial figure in Brazil for approving actions interpreted as arbitrary detention and for exerting pressure on digital or civic actors in ways seen as restricting speech. Weeks later, sanctions were

extended to individuals and entities assessed to have financially or administratively supported the sanctioned figure. This marked the first time U.S. sanctions were applied to conduct by a judicial authority in Brazil.

## **Legal Basis and Enforcement Standards**

Global Magnitsky is the law, while Executive Order 13818 is the enforcement mechanism that authorizes sanctions against individuals responsible for serious human-rights abuses or corruption, and against anyone who materially assists them. For U.S. persons and entities, this means that property or interests of blocked persons must be frozen, and no funds, goods, or services may be provided to, from, or for their benefit. Under the “50 Percent Rule,” any entity owned, directly or indirectly, at 50% or more by a sanctioned person is considered blocked even if not individually listed. Delisting requires evidence of mistaken identity, changed conduct, or mitigation; political arguments or claims of sovereignty do not meet the legal standard.

## **From Direct Actors to Support Networks**

Although only a small number of individuals and entities have been sanctioned to date, the scope of exposure is wider than the named parties. U.S. authorities have made clear that sanctions liability may extend to those who provide material support, financial, legal, technological, logistical, or administrative, to a designated person. This includes arrangements where services or value move through intermediaries, trusts, platforms, or corporate structures. The signal is that if a transaction or service touches the U.S. financial system, involves U.S. persons, uses U.S.-origin technology, or relies on U.S.-based infrastructure, it may fall within enforcement reach.

## **Obligations for Companies With a US Nexus**

Any U.S. business, U.S.-person employee, or foreign branch is bound by U.S. sanctions law globally. Non-U.S. companies must comply when there is a U.S. nexus, such as U.S. dollar clearing, U.S.-hosted cloud services, U.S.-based app stores, U.S. ad networks, or involvement of U.S.-origin software or technology. Compliance is not discretionary. Companies must ensure that no funds, services, assets, data, or technology flow to, from, or for the benefit of a sanctioned person or any entity they own or control. This applies even if no political motive exists and even if the content involved is lawful speech. These obligations concern value transfer, not viewpoint.

## **Practical Corporate Implications**

Sanctions compliance intersects with procurement, payments, digital services, professional

engagements and platform governance. Contracts increasingly include sanctions clauses allowing suspension or termination if a counterparty becomes sanctioned or if continued performance could violate U.S. law. Companies are expected to screen not only names but ownership structures, affiliates, and entities that may be indirectly controlled by a sanctioned party. Compliance programs must document due diligence, verify beneficial ownership, track financial flows, and maintain internal escalation procedures. Because sanctions operate under strict liability, failure to act, even without intent, can result in penalties.

## Common Misconceptions

### **“Sanctions are political or extraterritorial overreach.”**

Sanctions do not claim authority over foreign legal systems; they apply to U.S. persons and to transactions with a U.S. link. If a transaction uses a U.S. bank, server, marketplace, or person, U.S. law applies.

### **“Local court orders override U.S. sanctions.”**

Domestic rulings may govern conduct inside a country, but they cannot compel access to U.S. dollars, U.S. technology, or travel if sanctions are active. Relief from sanctions is achieved through diplomatic or administrative channels, not judicial orders abroad.

### **“Delisting is political.”**

Removal from the sanctions list requires evidence, not political statements. The standard is administrative and fact-based.

## Key Takeaways

Sanctions can extend beyond named individuals to encompass support networks and service providers with a U.S. nexus, requiring companies to prevent direct or indirect transfers of funds, services or assets to designated parties. While some jurisdictions express concern about the reach of U.S. measures, it may be instructive to note that these same jurisdictions expect foreign firms to honor their data protection regimes, such as Brazil’s LGPD or the EU’s GDPR, whenever their residents’ data are processed, including outside their borders. Viewed through that lens, applying sanctions where a clear U.S. nexus exists can be understood as a parallel jurisdictional approach, even as reasonable minds may differ on policy and scope.

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*and has a wealth of knowledge on how companies can navigate the corporate compliance landscape and thrive.*

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