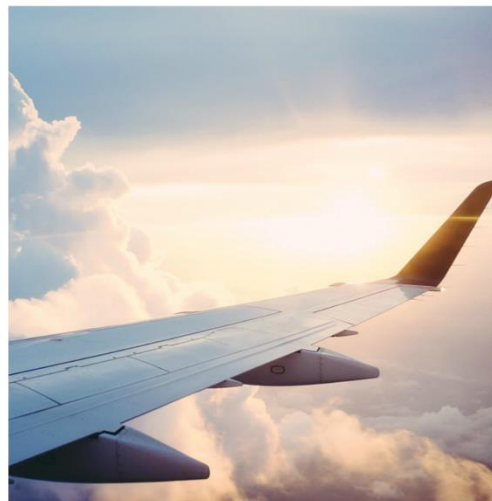




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Export Program Management



Export Program Management

Export Management Compliance Program (EMCP)

- Protects your company against violations.
 - How can you comply if you don't know the regulations and have your own plan
- Decreases transactional costs
- Given great weight as a mitigating factor with BIS

What it must have to be effective

Must be supported by Senior Leadership (President/CEO)

Must be in writing

Must be used on a regular basis

Must be audited/updated (preferably annually)

Must do what makes sense for your business

Export Program Management

Export Trade Compliance Manual

An all encompassing, customized, written set of export procedures and guidelines.

- Good Business Practice!
- Tells employees what is expected of them
- Provides management with a framework to evaluate whether or not the company/employees/products are in full compliance with all export regulations
- Audited and updated regularly

“DO WHAT YOU SAY AND SAY WHAT YOU DO”

Export Program Management

Export Training and Awareness

Export compliance training is essential to ensuring the ECMP success and targets those employees directly and indirectly involved in export related processes.

- All employees are provided with general awareness training on export compliance.
- Employee directly involved in the export process are trained on their individual responsibilities for ensuring ongoing compliance.
- Trainings, seminars and webinars will be scheduled and attendance will be documented for each employee.
- A Training Log is maintained and reviewed during annual internal audits to ensure employees are obtaining the required export compliance training.



Export Program Management

Auditing the Export Program

A strong, well managed Export Program will include regular internal and external audits of the export filings and defined export processes.

Internal Audit

- Designated person/team to conduct “scheduled” audits
- Selection methodology to include:
 - Product Classification: HTS#, Schedule B, ECCN
 - Screening / End Use
 - Screening / Customer / End User
 - Export filing (EEI) & documentation
 - Recordkeeping
 - Compliance manual/procedures
- Corrective Action Plan (CAP)
- Reporting to Management
- Identify needed training

Third Party Audit

- Trade Consultant/Lawyer
- Outside Internal Audit schedule
- Identify gaps and/or areas for improvement
 - Export filings (EEI) and supporting documents
 - Export Compliance Program Support of Management
 - Compliance Manual and written procedures
- Audit report with identified gaps
- Provide needed training

Export Program Management

ACE

The Automated Commercial Environment (ACE) is the system through which the trade community reports imports and exports and the government determines admissibility.

An ACE Exporter account provides access to AES Direct to file EEI and access to ACE Export reporting.

- ACE Reports can be run on EEI data
 - Audit Export Files
 - Track export activity
 - Trend analysis and reporting
- Limited information for “Routed” exports.



<https://www.cbp.gov/trade/automated>

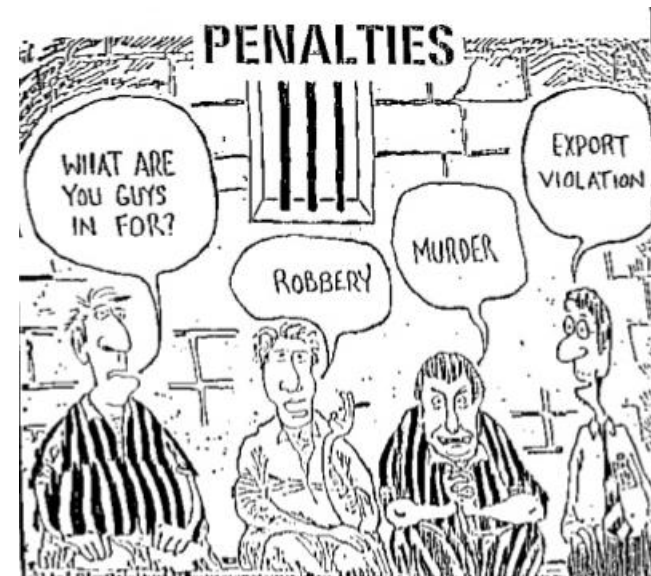
Export Program Management

Violations of Export Control Laws Result in civil and or criminal penalties

- Include fines and possible imprisonment
 - Maximum penalties under OFAC, ITAR and EAR are \$1,000,000 and 20 years
 - \$10,000 per violation/Imprisonment up to five years.
 - TSA (Transportation Security Admin) fines and imprisonment, both for the company and employee(s) involved.
- Loss of future export privileges (EAR)
- Debarment from future federal contracts (ITAR)

Mitigating Factors

- Voluntary Self-Disclosure of violation
- Isolated incident, inadvertence, mistake of fact
- Company had an **Export Compliance Program** in place



Export Program Management

Voluntary Self-Disclosure

When an exporter believes that they may have violated the Export Administration Regulations, the BIS encourages the submission of Voluntary Self Disclosures (VSDs). (CFR15 §764.5)

- Reported to the Office of Export Enforcement (OEE)
- The OEE will determine if the violation was “willful” or “non-willful”
 - Willful – done on purpose with full knowledge
 - Non-willful – violation occurred with a program in place
 - The OEE will determine if a violation of the EAR occurred or to issue a “warning letter”
- Voluntary self-disclosure is a mitigating factor in determining any administrative sanctions, if any, will be sought by OEE.
 - Fines and penalties significantly reduced
 - Demonstrates due diligence
 - Indicator of an exporter’s intent to comply with export control requirements

Exporter Responsibility

Recordkeeping

The ITAR, EAR and OFAC have regulations stipulating recordkeeping requirements.

- Exporters are required to maintain records of their export transactions for a period of 5 years.
 - Purchase Orders, Bids
 - Contracts
 - Commercial documents
 - Classification (Schedule B, ECCN, ITAR)
 - Screening records
 - Customers and End Users
 - Service Providers
 - Products and End Use
 - Countries
 - Licenses
 - Financial Records



Exporter Responsibility

Summary

Pleading ignorance is not acceptable

- Understand your commodity and potential restrictions
- Know the End Use of your product.
- Know your Customer / End user.
- Know where your product is going and country restrictions
- Keep good records!

Anyone who is involved with a US Export needs to have general awareness of the above.

- Sales groups/Customer Service securing export sales orders
- Product Development, Engineers and manufacturers building the commodities
- Employee working in the plant/warehouse and packaging goods for Export
- Employees/coordinators who prepare the international paperwork
- Finance/accounting receiving payment for exported goods

Summing it all Up



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We deliver the world

Do Your Due Diligence

Manage an Effective Export Compliance Program

- **Export Regulations** – Know your responsibility to (EAR and ITAR)
- **Incoterms** – Use Incoterms that provide the best control
- **Cargo Insurance** – Protect yourself in case of loss/damage to freight
- **Screening** – Done on a transactional basis; throughout the export process
- **Product Classification** – Keep a parts database (HTS, Sched B, ECCN)
- **Recordkeeping** – Keep ALL shipping related documents for the 5 year CBP required minimum (AES filings included)
- **Compliance Manual** – Document your process and update as it changes
- **Training** – Continued training on current trade laws and regulations and document it!
- **Audit!**
- **Self-Disclose** – In the event of a non-compliant transaction, review voluntary self-disclosure opportunity



Thank you

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A little about M.E.Dey

- Established 1907 by Mae Elizabeth Day
- Office Locations in Milwaukee, Chicago & Long Beach
- Import
- Export
- Freight Forwarding
- Compliance & Consulting

