



WE MAKE IT EASY TO DO
BUSINESS AROUND THE WORLD.

Compliance

IFS plays a key role in ensuring the security of the global supply chain, stemming the flow of illegal exports, and helping to prevent Weapons of Mass Destruction (WMD) and other sensitive goods and technologies from falling into the hands of proliferators and terrorists.

We have compliance responsibilities under the Export Administration Regulations (EAR) even when our actions are dependent upon information or instructions given by those who use our services.

We are responsible for the representations we make in filing export data. Moreover, no person, including an agent, may proceed with any transaction knowing that a violation of the EAR has, is about to, or is intended to occur.

It is our responsibility to understand our obligations. We understand the "Know your customer" guidance and "Red Flags" found in supplement # 1 to part 732 of the EAR. <https://www.bis.doc.gov/index.php/documents/regulation-docs/411-part-732-steps-for-using-the-ear/file>

We are responsible to determine if Red Flags are present. Exercise due diligence in inquiring about them, and ensure suspicious circumstances are not ignored. Failure to do so could constitute a violation of the EAR.

We are thoroughly familiar with the General Prohibitions set forth in part 736 of the EAR, <https://www.bis.doc.gov/index.php/documents/regulation-docs/413-part-736-general-prohibitions/file>

Engaging in prohibited conduct or committing the violations set out in the EAR may subject violators to significant penalties.

Routed and Non-routed Export Transactions Primary responsibility for compliance within the EAR falls on the "principal parties in interest" (PPI) in a transaction. Generally, the PPIs in an export transaction are the U.S.A. seller and foreign buyer.

When handling export transactions, we are responsible for:

- (A) Preparing the AES submission based on information received if we have been authorized to do so by the PPI
- (B) Maintaining documentation to support the information reported on the AES submission
- (C) Upon request, providing copies of the AES filed by us

Both IFS and the PPI are responsible for the correctness of each entry made on an AES submission. Good faith reliance on information obtained can help protect us, but the careless use of "No License Required" or unsupported entries, can get us (IFS) into trouble.

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IFS may be subject to criminal prosecution and/or administrative penalties for violations of the EAR. BIS has not hesitated to hold forwarders liable for participating in illegal transactions and for failure to adhere to government record keeping requirements.

It is important for us to know our customers and be aware of suspicious circumstances and red Flags that may be present in an export transaction.

When presented with Red Flags, IFS is obligated to inquire about the facts of the transaction, evaluate all information after inquiry and refrain from engaging in the transaction if the Red Flags cannot be resolved. These steps help protect not only ourselves (the forwarder) but also the PPIs who may be unknowingly engaging in a prohibited transaction.

Our directions and procedures are outlined at;
<http://www.bis.doc.gov/complianceand enforcement>

In a non-routed transaction, the primary burden of compliance rests with the U.S. PPI. The EAR states that all parties that participate in transactions subject to the EAR must comply with the EAR.

The EAR states that some compliance responsibility also rests with the freight forwarder and it mentions how export transactions may not be conducted with certain parties, that dealing with certain parties may have additional licensing requirements, that dealing with certain parties should raise Red Flags for exporters, and that certain countries, activities, and items have certain restrictions under the EAR.

While the EAR allows flexibility in the manner that USA companies meet these compliance requirements in various methods, BIS strongly recommends that all parties dealing with export transactions maintain vigorous and effective Export Management and Compliance Program (EMCP).

BIS, however, also recommends striking the right balance. Compliance activities would differ depending on the nature of the items being exported and the destinations to which they are exported, however, one must err on the side of caution to ensure that our USA-origin-dual-use goods and technologies are exported in compliance with the EAR.