

BUREAU OF INDUSTRY AND SECURITY

UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY

MARCH 18-20, 2025



Know Your Customer Resources

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Why is Know Your Customer (KYC) Important?

Various requirements of the EAR are dependent upon a person's knowledge of the end-use, end-user, ultimate destination, or other facts relating to a transaction or activity. These provisions include the nonproliferation-related “catch-all” sections and the prohibition against proceeding with a transaction with knowledge that a violation of the EAR has occurred or is about to occur.

Questions to Ask

- Is my customer listed on a U.S. Government proscribed list?
- Is this a normal transaction/does the transaction make sense?
- Are there any **red flags**?

Basic Red Flags

- The customer or purchasing agent is reluctant to offer information about the end-use of a product.
- The product's capabilities do not fit the buyer's line of business/buyer has little or no business background.
- The product ordered is incompatible with the technical level of the country to which the product is being shipped.

Basic Red Flags

- The customer is unfamiliar with the product's performance characteristics but still wants the product.
- Routine installation, training, or maintenance services are declined by the customer.
- A freight forwarding firm is listed as the product's final destination.

Addressing Red Flags

- Don't self-blind
- Employees need to know how to handle “Red Flags”
- Reevaluate all the information after the inquiry

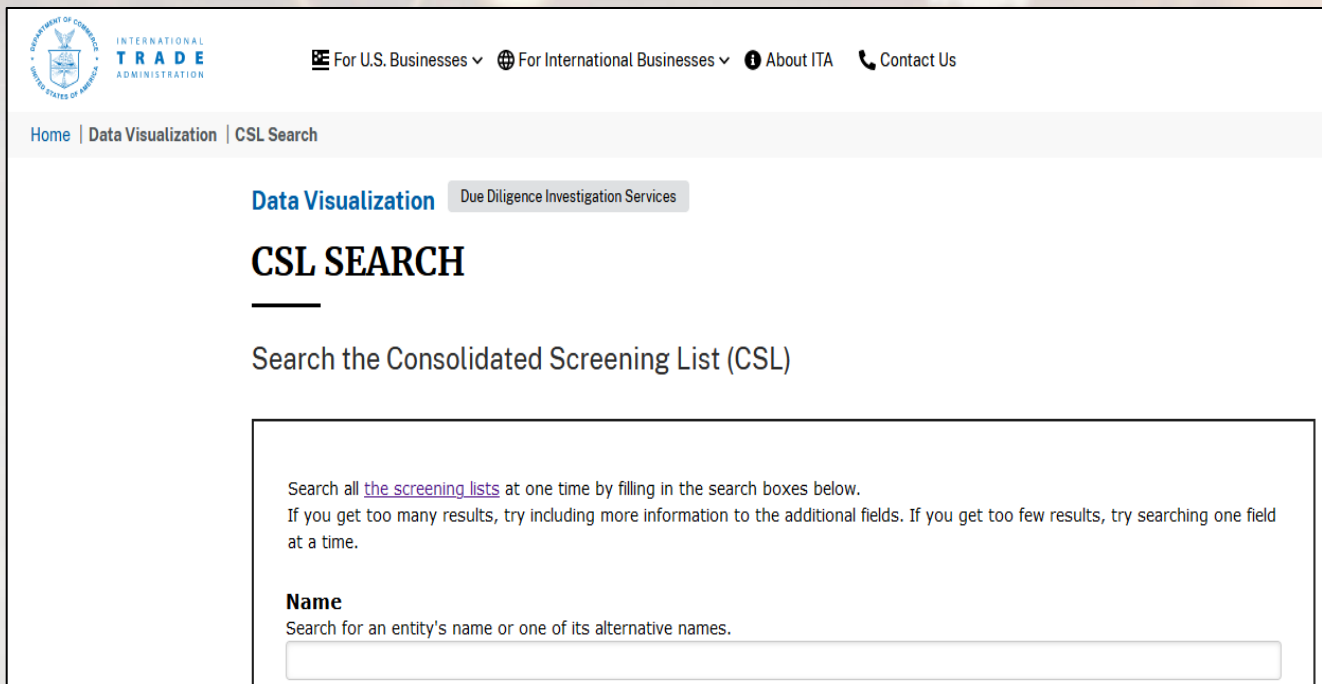
BIS Identification of Parties/Transactions of Concern

	Project Guardian Request	“Red Flag” Letter	“Is Informed” Letter	Public Proscribed Party
Action	BIS notification of red flag (i.e., knowledge of a high probability that a violation may occur)		Individual notice of a license requirement	Dependent upon requirements of list (e.g. license requirement for parties on Entity List)
Who Is Impacted	Recipient of BIS Project Guardian request	Recipient of BIS “red flag” letter	Recipient of BIS “is informed” letter	Any person involved in a transaction subject to the EAR
Responsibility	Resolve red flags to proceed		Submit a license application as required by letter	Submit license application if required by EAR or comply with other EAR requirements

Consolidated Screening List (CSL)

Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports, or transfers of items. The list consists of multiple export screening lists of the Departments of Commerce, State, and Treasury and is updated daily.

<https://www.trade.gov/data-visualization/csl-search>



The screenshot shows the top of the International Trade Administration's website. The header includes the ITA logo and navigation links: "For U.S. Businesses", "For International Businesses", "About ITA", and "Contact Us". Below the header, there are tabs for "Home", "Data Visualization", and "CSL Search". The "Data Visualization" tab is active, and a sub-tab "Due Diligence Investigation Services" is also visible. The main heading is "CSL SEARCH". Below this, it says "Search the Consolidated Screening List (CSL)". A search box is provided with instructions: "Search all [the screening lists](#) at one time by filling in the search boxes below. If you get too many results, try including more information to the additional fields. If you get too few results, try searching one field at a time." The search box is labeled "Name" and has a placeholder text "Search for an entity's name or one of its alternative names." Below the search box is a text input field.

Red Flag: Transshipments & Reexports

Example:

An exporter cannot bypass the U.S. embargo against Iran by shipping an item to a distributor in the United Kingdom and asking the distributor to transship the item to a customer in Iran. Under U.S. law, this would be considered an export to Iran, even though it does not go directly to that country, and both the U.S. exporter and the United Kingdom distributor could be liable for violating U.S. law.

Best Practices for Resale/Reexport

- Determine ECCN of product and applicable restrictions, provide to your customer.
- Research your customer using all available information. Request an end-use certification from your customer, retain copies of all documents and communications.
- Exercise caution if you cannot resolve any **red flag** indicators – seek an export license or advisory opinion, refrain from the transaction, notify BIS Export Enforcement.

Freight Forwarder Guidance and Best Practices

- Ensuring that the transaction, transportation, and the Electronic Export Information (EEI) filing in [15 CFR 758.1](#) are consistent with the license or license exception.
- Retaining records as required in [15 CFR 762](#), including documentation to support the information reported to the AES, communications, shipping documents, licenses, and other documents related to the shipment.

<https://www.bis.gov/freight-forward-guidance>

Exporter **Red Flags** for Freight Forwarders

- Exporter/U.S. Principal Party of Interest (USPPI) routinely omits required EEI data elements, especially ECCN/EAR99 and license authorization type.
- Power of Attorney or other written authorization to file is not provided.
- Transaction is paid for and/or arranged by a company in a country different than the destination of the export and with no apparent connection to the transaction.

Freight Forwarder **Red Flags** for Exporters

- Forwarder does not provide EEI filing report upon request.
- EEI filings made by forwarder on behalf of the exporter/USPPI routinely contain inaccurate information.
- Forwarder routinely uses exporter/USPPI information for AES filings the exporter/USPPI did not authorize.

<https://www.census.gov/foreign-trade/aes/ace-export-reports.html>

Joint Alerts

Issued more than a dozen joint alerts/advisories/compliance notes with Treasury, State, Justice, and Homeland Security

- Iran's Unmanned Aerial Vehicle-related Activities
- Iran Ballistic Missile Program
- Voluntary Self-Disclosures
- Evasion of Export Controls Globally
- "Know Your Cargo"
- Obligations of Foreign-Based Persons

BIS Issued Guidance

- Guidance to Industry on BIS Actions Identifying Transaction Parties of Diversion Risk
- Guidance to Financial Institutions on Best Practices for Compliance with the EAR
- Export Compliance Resources for Academic Institutions

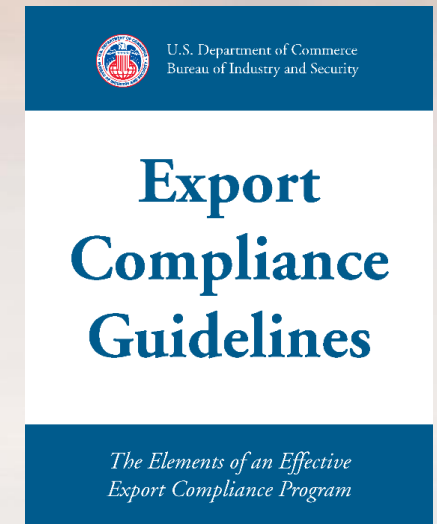
BIS Resources: Online Guidance

KYC and **Red Flags** – Implementing an overall Export Compliance Program (ECP) including the elements recommended by BIS.

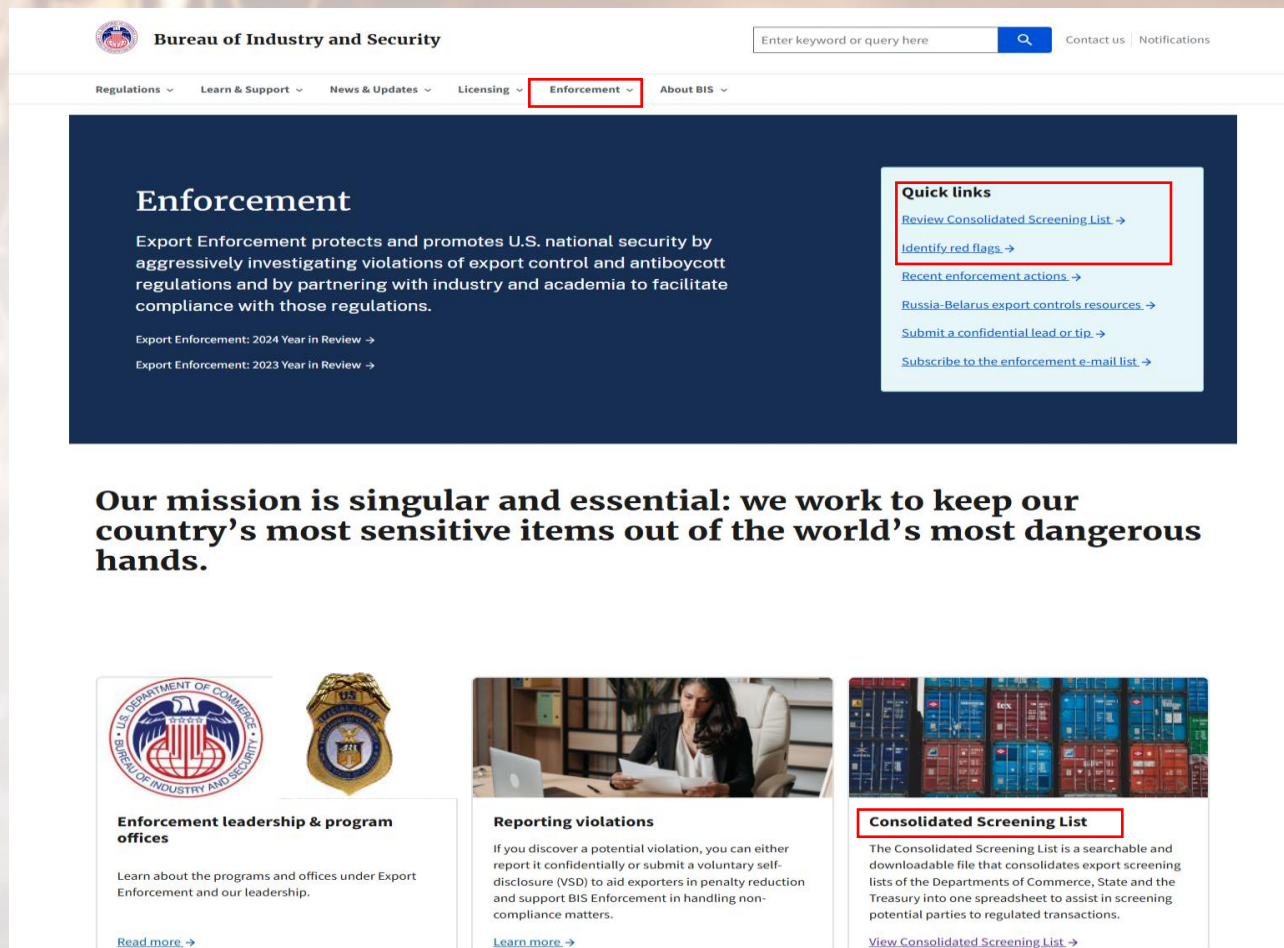
**Risk
Assessment**

Training

Auditing



Resources from www.bis.gov



The screenshot shows the Bureau of Industry and Security website. The header includes the BIS logo, the text "Bureau of Industry and Security", a search bar, and links for "Contact us" and "Notifications". The main navigation bar has dropdown menus for "Regulations", "Learn & Support", "News & Updates", "Licensing", "Enforcement" (highlighted with a red box), and "About BIS".

The "Enforcement" section features a dark blue background with the title "Enforcement" and a paragraph: "Export Enforcement protects and promotes U.S. national security by aggressively investigating violations of export control and antiboycott regulations and by partnering with industry and academia to facilitate compliance with those regulations." Below this are links for "Export Enforcement: 2024 Year in Review" and "Export Enforcement: 2023 Year in Review".

A "Quick links" box on the right contains the following links:

- [Review Consolidated Screening List](#)
- [Identify red flags](#)
- [Recent enforcement actions](#)
- [Russia-Belarus export controls resources](#)
- [Submit a confidential lead or tip](#)
- [Subscribe to the enforcement e-mail list](#)

Below the Enforcement section, a mission statement reads: "Our mission is singular and essential: we work to keep our country's most sensitive items out of the world's most dangerous hands."

The bottom section contains three columns:

- Enforcement leadership & program offices**: Includes the BIS logo and a paragraph about learning about programs and offices. A "Read more" link is at the bottom.
- Reporting violations**: Includes an image of a woman working and a paragraph about reporting violations. A "Learn more" link is at the bottom.
- Consolidated Screening List**: Includes an image of shipping containers and a paragraph about the Consolidated Screening List. A "View Consolidated Screening List" link is at the bottom.

Resources from www.bis.gov



Enforcement leadership & program offices

Learn about the programs and offices under Export Enforcement and our leadership.

[Read more →](#)



Reporting violations

If you discover a potential violation, you can either report it confidentially or submit a voluntary self-disclosure (VSD) to aid exporters in penalty reduction and support BIS Enforcement in handling non-compliance matters.

[Learn more →](#)



Consolidated Screening List

The Consolidated Screening List is a searchable and downloadable file that consolidates export screening lists of the Departments of Commerce, State and the Treasury into one spreadsheet to assist in screening potential parties to regulated transactions.

[View Consolidated Screening List →](#)

Export violations

Access a database containing information about documented cases of individuals or entities involved in violations related to the export of controlled goods and technologies, providing insights into enforcement actions and compliance issues.

[View export violations →](#)

Charging letters

Explore a collection of official letters and documents outlining specific charges and allegations brought against individuals or entities involved in export control violations. These documents offer detailed information on the legal aspects and allegations associated with export enforcement cases, promoting transparency and understanding of the enforcement process.

[View charging letters →](#)

Enforcement policy memos & industry guidance

Documents that outline the agency's guidelines and procedures for enforcing export control laws and regulations, providing clarity on how violations and penalties are handled.

[See policy memos →](#)

Resources from www.bis.gov

Learn & Support Page

Learn & Support topics



Exporters frequently raise questions on certain topics. Those below are some of the most common.

Deemed exports A deemed export refers to the sharing or release of controlled technology or source code to a foreign person within the United States. Learn more →	Developing an Export Compliance Program (ECP) Learn how to create a compliance program for your organization to understand risk assessment, if a license is required or not required for items, and protect employees from inadvertently violating the EAR. Learn more →	Encryption There are specific regulatory, classification, licensing, and record keeping provisions associated with the export of encryption items. Learn more →
Entity List The "Entity List" is a U.S. government compilation of foreign individuals, companies, and organizations deemed a national security concern, subjecting them to export restrictions and licensing requirements for certain technologies and goods. Learn more →	Foreign Direct Product Rules U.S. items overseas, and items produced overseas using U.S. origin components or made using U.S. technology, may still be subject to the EAR. Certain activities of U.S. persons overseas may also be subject to these regulations. Learn more →	Know your customer A critical component in determining the authority you need to export is to assess the suitability of your customer. Recipients may be subject to a restriction or sanction, or may exhibit a "red flag" alerting you to require further about the parties to the transaction. Learn more →

FAQs

[Classification of Items Subject to the EAR](#)
[Encryption FAQs](#)
[Cuba FAQs](#)
[Hong Kong, China FAQs](#)
[Hong Kong, China Recordkeeping FAQs](#)
[EAR Definitions, Technology and Software, Fundamental Research, and Patents FAQs](#)
[BIS 232 FAQs](#)
[SNAP-R FAQs](#)

Training videos (11 Total)

 <p>SNAP-R: How to Setup an Account Video with Audio Descriptions</p>	 <p>SNAP-R: Classification Requests Video with Audio Descriptions</p>
 <p>An Introduction to Specially Designed Video with Audio Descriptions</p>	 <p>Deemed Exports Video with Audio Descriptions</p>

Previous Presentations

BUREAU OF INDUSTRY AND SECURITY
2023 UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY
PARTNERSHIPS IN NATIONAL AND GLOBAL SECURITY
NOVEMBER 28-30

Additional Resources from BIS

GIVE US A CALL! BIS counselors are available Monday–Friday during standard business hours.

Outreach & Educational Services

Washington, DC (202) 482-4811

E-mail: ECDOEXS@bis.doc.gov

Western Regional Office

Irvine, CA (949) 660-0144

San Jose, CA (408) 998-8806

What is Acceptable Risk?



Questions?

Thank You!