

MEMORANDUM

*From the desk of Marshall V. Miller, Esq.*

January 6, 2010

## SCREENING FOREIGN SUPPLIERS OF U.S. IMPORTS

On the front page of the January 4 Wall Street Journal is an article entitled "[Chinese Evade U.S. Sanctions on Iran](#)." The article specifically deals with U.S. firms importing from Chinese companies that are banned entities under U.S. trade sanctions programs. The article serves as a useful reminder that foreign suppliers of U.S. imports and their brokers/forwarders/banks/intermediaries should be screened against the multiple restricted parties lists in order to comply with U.S. Office of Foreign Assets Control legal requirements. This is a new consideration for many of our clients, and raises serious management implications concerning the level of due diligence required to satisfy OFAC.

In order to strictly comply with OFAC requirements, all foreign suppliers and any intermediaries identified on documentation should be screened. In at least some of the imports discussed in the article, the supplier used an export broker and forwarder affiliated with one of the banned or sanctioned entities. When screening orders, it is important to not only screen the names of the companies you are purchasing from, but also any intermediaries, including freight forwarders, brokers, banks, or other companies that might be involved in the sale. By taking control at origin of the transportation of import freight, the freight forwarder/broker risk can be minimized. Screening the addresses is also important. Most of the denied party screening software being used today not only screens for names but also the addresses and owners; but only if that information is entered into the screening software. With the new enforcement provisions of the Importer's Security Filings taking affect January 26, it becomes even more evident that managing, screening, and controlling import movements is an important increased compliance requirement.

Please contact us if you would like to discuss your restricted party screening program, and how to make it more effective and for both export and import transactions.