

# WESCCON 2024

## Export Compliance

### Moderator:

- Tia Sandberg, Compliance Manager, Total Logistics Resource, Inc.

### Panelists:

- Michael E. Hoffman, Director, Western Regional Office, Bureau of Industry and Security
- Greg Dunlap, Special Agent in Charge, Office of Export Enforcement, LA Field Office BIS



Saturday October 19, 2024

# WESCCON 2024



## Overview of US Export Control Rules and Recent Changes

October 19, 2024

Michael Hoffman  
Bureau of Industry and Security



# Overview

- BIS administers and enforces controls on exports and reexports of items for national security, foreign policy, nonproliferation reasons
- Forwarders, as well as exporters, have significant responsibilities to ensure compliance
- One aspect of compliance entails ensuring exports have proper authorization
  - License
  - License Exception
  - No License Required (NLR) designation



# Roles and responsibilities

- Compliance responsibilities change with your *role* in the transaction and the *knowledge* you (should) have
- Role
  - Forwarder for US exporter
  - Agent for Foreign Principal Party in Interest
- Key factors in determining authorization
  - What is the item?
  - Where is it going?
  - Who will receive it?
  - What will they do with it?



# Adding value/reducing risk

- Your value increases where you have knowledge and take appropriate action
  - Screen customers
  - Recognize red flags
- Proceed cautiously when you recognize you have less knowledge
  - If communication with the exporter is insufficient
  - If you assist the exporter in classifying the items to be shipped



# Recent developments

- Dramatic increase in the pace of release of new rules
- 34 rules published year to date
- Many are complex or introduce new regulatory framework



# Rules primarily in three areas

- Country based
  - Russia
  - Iran
  - Nicaragua
- Item/technology based
  - Semiconductor/Advanced computing industries
  - Firearms
- End user (end use) based



# Resources to assist

- Redesigned website
  - [www.bis.gov](http://www.bis.gov)
  - Training videos
- Training programs, both in-person and virtual
- Regional specialists willing and able to help
  - Orange County: (949) 660-0144
  - Silicon Valley: (408) 998-8806
  - Washington, DC: (202) 482-4811





# Useful links

- Bureau of Industry and Security: <https://www.bis.gov>
- Consolidated screening list: <https://www.trade.gov/consolidated-screening-list>
- Russia/Belarus resources: [https://www.bis.gov/russia-belarus\\_export\\_controls\\_resources](https://www.bis.gov/russia-belarus_export_controls_resources)
- Freight Forwarder Guidance and Best Practices: <https://www.bis.gov/freight-forward-guidance>
- Training videos on the EAR: <https://www.bis.gov/videos>
- US Census Bureau: <https://www.census.gov/foreign-trade/index.html>



Thank you

Michael Hoffman

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<https://www.bis.gov>





# Office of Export Enforcement

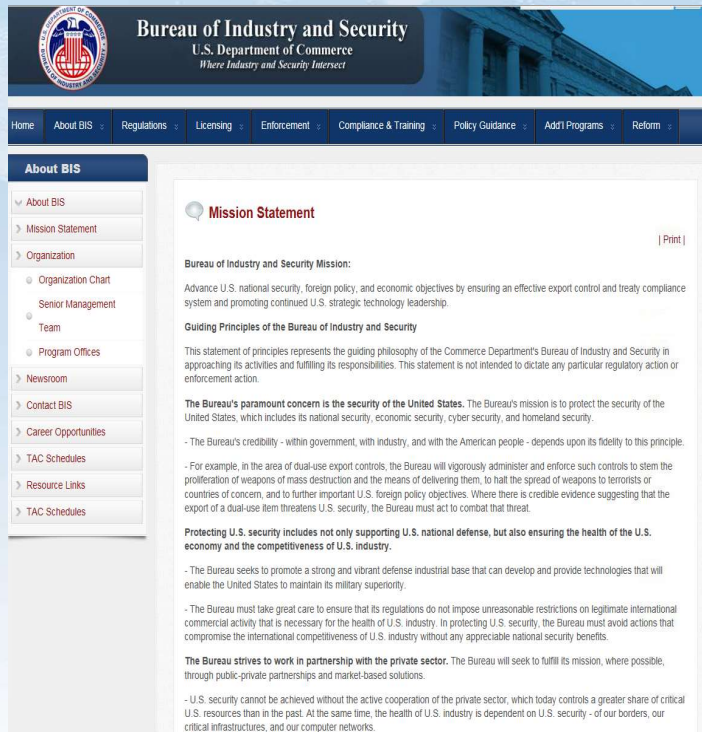
**U.S. Department of Commerce  
Bureau of Industry and Security**

*Safeguarding Sensitive Goods  
and Technology*



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# Bureau of Industry and Security



The screenshot shows the Bureau of Industry and Security website. The header includes the BIS logo and the text "Bureau of Industry and Security, U.S. Department of Commerce, Where Industry and Security Intersect". A navigation bar contains links for Home, About BIS, Regulations, Licensing, Enforcement, Compliance & Training, Policy Guidance, Add'l Programs, and Reform. A left sidebar lists navigation options: About BIS, Mission Statement, Organization (with sub-links for Organization Chart, Senior Management, Team, and Program Offices), Newsroom, Contact BIS, Career Opportunities, TAC Schedules, Resource Links, and TAC Schedules. The main content area is titled "Mission Statement" and includes a "Print" link. The text on the page describes the Bureau's mission to advance U.S. national security, foreign policy, and economic objectives through an effective export control and treaty compliance system, and to promote continued U.S. strategic technology leadership. It also outlines guiding principles and the Bureau's paramount concern for the security of the United States.

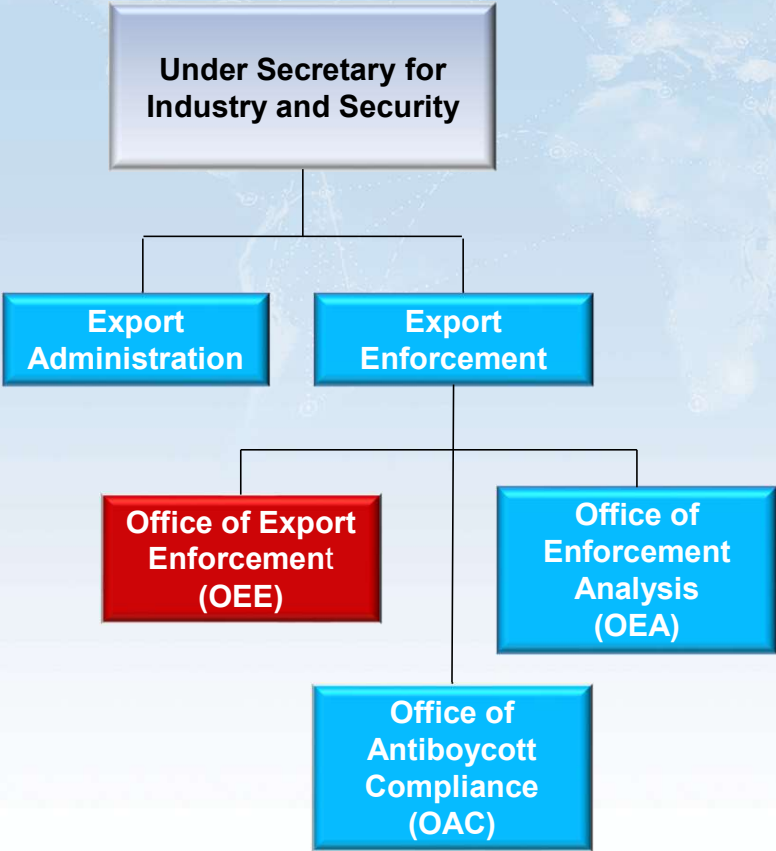
## Mission:

Advance U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership.

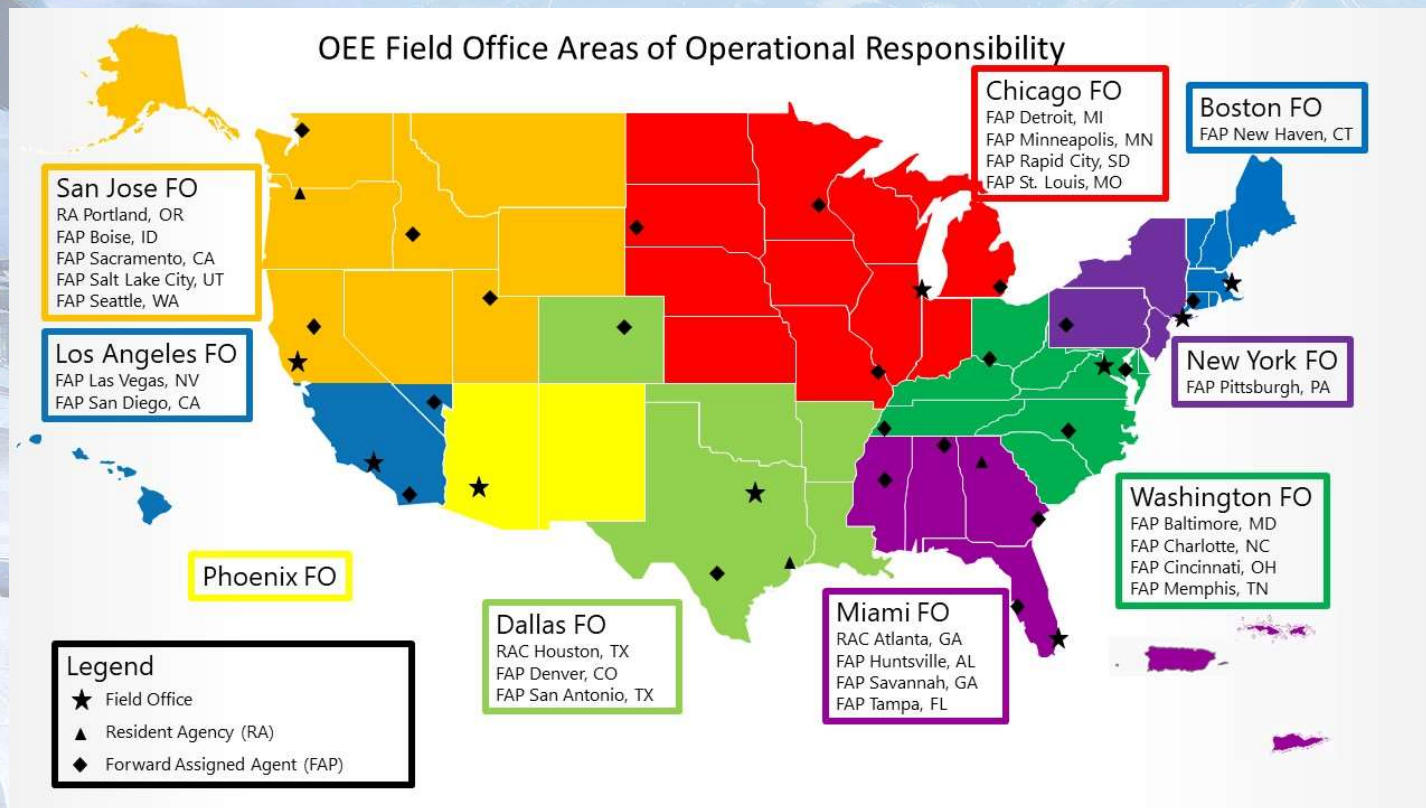


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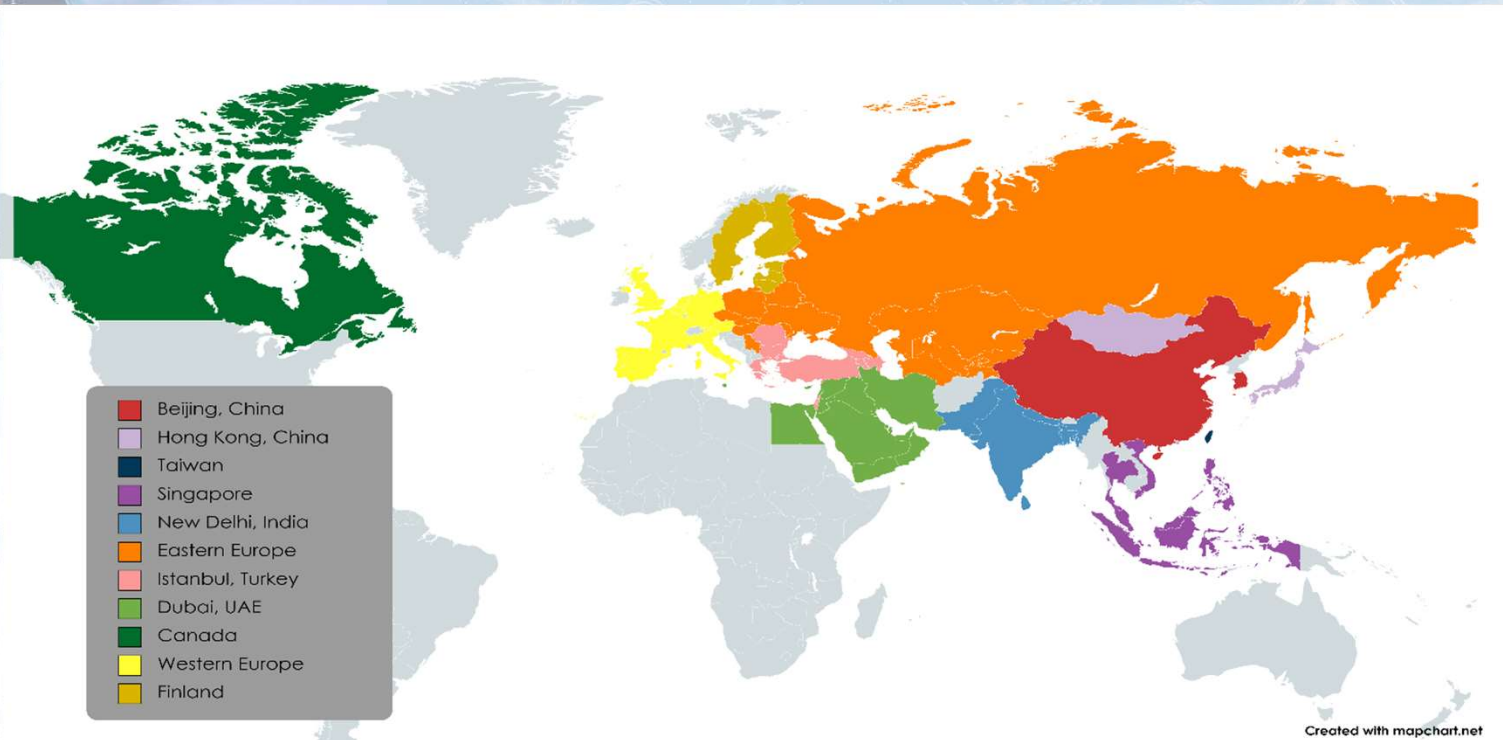
# Export Enforcement



# OEE Domestic Locations

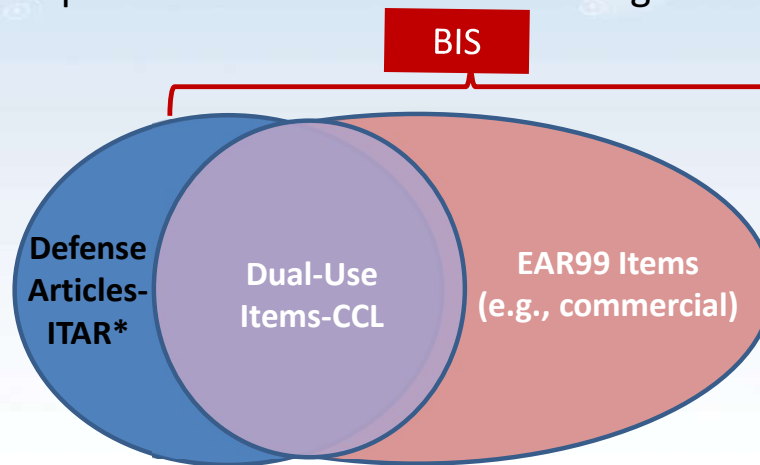


# Export Control Officers



# Export Controls

- Export controls serve the national security, foreign policy, and nonproliferation interests of the United States
- These include export controls designed to:
  - stem the proliferation of weapons of mass destruction
  - limit the military capabilities of certain countries
  - stop flow of materiel to terrorist organizations



**BIS administers/  
enforces the Export  
Administration  
Regulations (EAR),  
including  
Commerce Control List  
(CCL) items**

\* International Traffic in Arms Regulations, administered by the Department of State.



# Dual-Use Examples

## Use of Concern

Gas centrifuge,  
Fabrication of WMD



← Machine  
Tools →



## Legitimate Use

Parts & components  
of various machinery

Missile Components



← Carbon  
Fibers →



Golf club shafts,  
Fishing rods

Mustard Gas



← Thiodiglycol →



Plastics, Dyes, Inks

Stabilize biological  
agents for  
biological weapons



← Freeze-Drying  
Equipment →



Instant Coffee



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# Deemed Exports and Technology

Deemed Export: Any release in the United States of “**technology**” or **source code** to a foreign person is a deemed export to the foreign person's most recent country of citizenship or permanent residency.

- The gist: Information (not things) subject to the EAR
- The details:
  - Information necessary for the “development,” “production,” “use,” operation, installation, maintenance, repair, overhaul, or refurbishing (or other terms specified in ECCNs on the CCL that control “technology”) of an item.
  - “Technology” may be in any tangible or intangible form, such as written or oral communications, blueprints, drawings, photographs, plans, diagrams, models, formulae, tables, engineering designs and specifications, computer-aided design files, manuals or documentation, electronic media or information revealed through visual inspection



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# Export Enforcement (EE) Mission

*"Securing America's Trade"*

EE protects U.S. national security, foreign policy, and economic interests by:

- **Detecting and investigating export violations**
- **Interdicting illegal exports**
- **Pursuing criminal and/or administrative sanctions for violations**
- **Educating exporters on compliance practices and restricted foreign entities**
- **Evaluating transactions to ensure compliance**



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# Enforcement

- Criminal penalties (willful)
  - Incarceration (20 years)
  - Fines (\$1 million)
  - “Beyond a Reasonable Doubt” Standard
- **Administrative penalties**
  - Fines (\$364,992 or 2x value of transaction(s))
  - Denial of Export Privileges
  - “Preponderance of Evidence” Standard
- Proscribed party lists
  - Denied Persons List
  - Entity List
  - Unverified List



# Freight Forwarder Guidance

- “The freight forwarding community serves as a linchpin in the global supply chain, **ensuring that the right goods get to the right place,**” said Assistant Secretary for Export Enforcement Matthew S. Axelrod. “This guidance emphasizes the importance of a risk-based compliance program to ensure that freight forwarders and exporters **prevent sensitive items from going to the wrong place,** including into the hands of terrorists and other malign actors.”



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# Return on Investment

Fiscal Years 2010 - 2020

## Deterrence through Active Enforcement

- Over 569 Years of total Prison Time
- \$623.6 Million in Criminal Fines
- \$989.1 Million in Criminal Forfeitures
- Nearly \$2 Billion in unique BIS-only Regulatory Penalties

**BIS brought back over *\$3.6 Billion*  
to the U.S. Treasury!**



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**Thank You!**

**Export Enforcement  
Bureau of Industry and Security**

**[www.bis.doc.gov](http://www.bis.doc.gov)**



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Thank you

