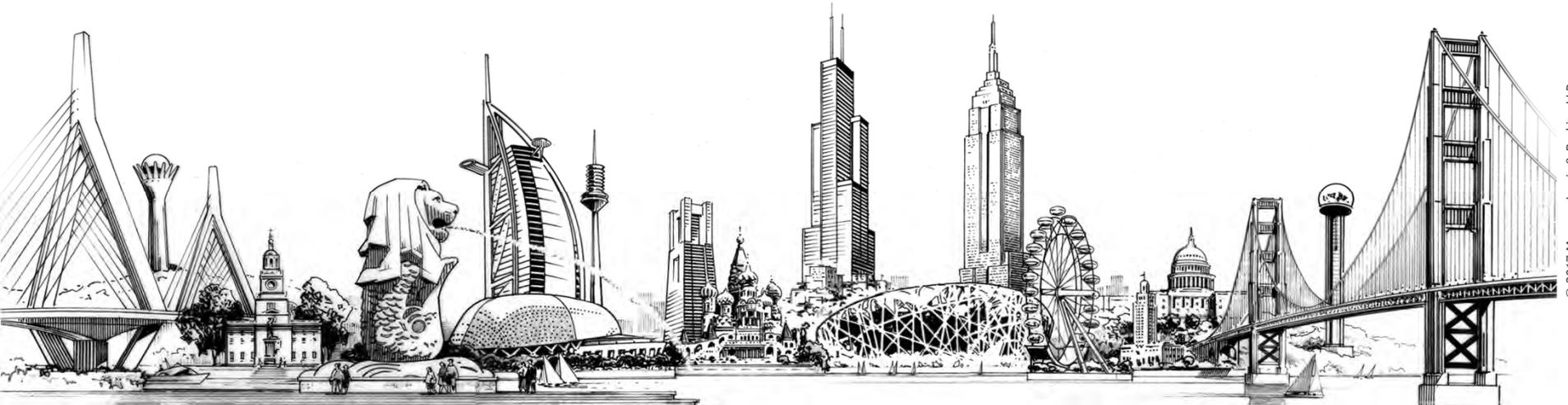


HOT COMPLIANCE ISSUES IN TODAY'S GLOBAL TRADE ENFORCEMENT CLIMATE

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Mass Export Expo



GLOBAL TRADE ENFORCEMENT TRENDS

- Export Controls
- Anti-bribery, anti-money laundering, Foreign Corrupt Practices Act
- Foreign direct investment

GLOBAL TRADE ENFORCEMENT TRENDS

- Export Controls
 - ❖ Arms Export Control Act, 22 U.S.C. § 2778
 - ◆ International Traffic in Arms Regulations (“ITAR”)
22 C.F.R. parts 120-130
 - ❖ International Emergency Economic Powers Act, 50 U.S.C. part 35
 - ◆ Export Administration Regulations (“EAR”)
15 C.F.R. parts 730-774

GLOBAL TRADE ENFORCEMENT TRENDS

- Export controls enforcement trends
 - ❖ BIS focuses on high-risk activity
 - ◆ Dealing with denied parties 11/21/17 – freight forwarder fined \$175,000 for aiding and abetting exports to entity on BIS entity list
 - ◆ Exports to problematic countries 9/25/17 – manufacturer fined \$230,000 for exports to Russia and China without appropriate licenses
 - ◆ Diversions/reexports 3/23/17 – manufacturer fined \$661M for numerous violations including diversion of products to Iran
 - ◆ Items with high technical importance 6/9/17 – Manufacturer fined \$700,000 for unlicensed exports of thermal imaging products to Mexico
 - ❖ DDTC brings few cases
 - ◆ Seeks enforcement cases for precedential/informative value
 - Larger dollars/higher impact
 - Generally 3 or fewer per year

GLOBAL TRADE ENFORCEMENT TRENDS

- Renewed emphasis on individual liability?
 - ❖ Yates Memo, Sept. 9, 2015
 - ❖ DOJ should not resolve cases against companies without a clear plan to resolve cases against individuals
- No discernable increase in cases against senior corporate officials
- Increased focus on criminal prosecutions against individuals

GLOBAL TRADE ENFORCEMENT TRENDS

- Anti-bribery, anti-money laundering (AML) and FCPA
 - ❖ Continuing enforcement
 - ❖ Large settlements
 - ❖ Financial crimes a continued focus
 - ❖ Dealing with problematic entities/countries

GLOBAL TRADE ENFORCEMENT TRENDS

- Agencies coordinating enforcement better
 - ❖ Export Enforcement Coordination Center (E2C2)
 - ❖ Financial Crimes Enforcement Network (FinCEN)
 - ◆ Coordinates federal state and local efforts
 - ◆ Liaise with other countries for information exchange
 - ◆ Enhances the detection of financial crimes

GLOBAL TRADE ENFORCEMENT TRENDS

- Foreign direct investment
 - ❖ The Committee on Foreign Investment in the United States (CFIUS)
 - ❖ Reviews foreign investment transactions for actual or potential national security concerns
 - ❖ Scope of jurisdiction
 - ❖ Increasing activity
 - ◆ China concerns
 - ◆ Sovereign wealth/state-owned enterprises
 - ❖ New legislation