





# The **MOST** important thing for a truly successful compliance program

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Buy-in from the VERY top of the organization.

- CEO/President
- Board of Directors
- Owners
- Chancellor/Regents (universities)

*Without truly committed support from them, a TC program will never work or be successful.*

# Trade compliance staff



- Where should Trade Compliance staff be housed within company?
  - Business Unit/Program Management? Engineering?
    - Often too much conflict of interest (and DDTC frowns on these locations)
  - Shipping?
    - Too far down the path of the transaction
  - Administrative assistant?
    - Usually not enough clout to stop a shipment or decision and can be a conflict of interest
  - Business Development/Marketing?
    - Are you kidding?
  - Legal?
    - Often the favorite of defense companies and DDTC.
    - Usually makes the most sense due to clout in the company and ability to make legal decisions.

# Which Export/Import controls apply to your company?

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- International Traffic in Arms Regulations (**ITAR**)
- Export Administration Regulations (**EAR**)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (**ATF**)
  - Gun Control Act (**GCA**)
  - National Firearms Act (**NFA**)
- Office of Foreign Assets Control (**OFAC**)
- U.S. Customs
- Nuclear Regulatory Commission (**NRC**)
- National Industrial Security Program Operating Manual (**NISPOM**)
- Food & Drug Administration (**FDA**)
- Federal Communications Commission (**FCC**)
- Foreign Corrupt Practices Act (**FCPA**)

Now that you have buy-in and know what regs  
impact you .....



Whatever procedures, policies or practices you put in  
place...

**Document! Document!**  
**Document!!**

# Denied Parties List (DPL) Screening

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- Customers/clients/partners
- Vendors/suppliers
- Employees

Manually or automatically

*Everyone and often*

# Determine Export Classification

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- Decide when to classify
  - Upon concept development?
  - Upon actual production?
  - Upon sale?
  - Upon eve of sending out the door (literal or virtual)?
- Decide who is qualified to classify
  - Only engineers?
  - Only lawyers?
  - Only Trade Compliance?
  - Anyone ?
- Determine jurisdiction, then category or ECCN

# License/Agreement process



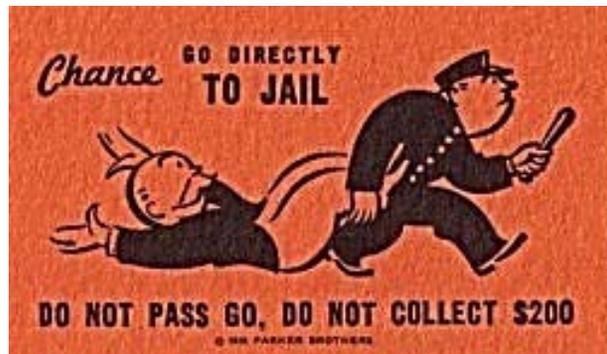
- Have a license request form for them to complete:
  - Helps them figure out what is needed
  - Ensures they are asked for all the pertinent data
  - Is a record of what they asked for (for when they change their minds)
- Always discuss the transaction with both the program lead and technical lead
  - Transaction details often differ b/n them (one knows more of what's going on then the other)
- Look to see if a license/agreement is truly needed
  - Some are brainwashed to think they always need a license or TAA
  - Some use it as CYA.

# Training



- Entire company needs to be trained!
  - Not just TC staff
  - Not just defense engineers
  - Not just program staff
- Training should be customized to each group
  - Only what they need to know
    - Medical group does NOT need to know how to classify products under the ITAR...
    - Shipping team DOES need to know what goes onto a commercial invoice.
    - Accounting/Contracts DOES need to look out for Anti-boycott language.
    - ALL need to know what a Deemed Export is, who a Foreign Person is and what constitutes technology or technical data
    - ALL need to know about Red Flags and how to handle when one is raised.
  - Get confirmation in writing of accomplished training
    - Signature on a training log
    - Email from the person confirming they understand training sent to them
    - Keep records of confirmations

# Good visuals to bring home your point.....



## My least favorite part...

Audit....Audit....Audit....



The bigger you are, the more frequently and deeply you need to audit

*BIS has some good audit checklists*

# Questions?



## Mark your data/technology



- Put export control marking/destination control statements on any technical data/technology leaving your US-based company.
  - So that you can inform other US companies how to handle.
  - Shows that you know what you are sending.
  - Gives place to put authorization details, as needed.
- What to mark?
  - Emails w/TD or technology in the meat of the email
  - Emails w/TD or technology as an attachment
  - The actual attachments that have TD or technology
  - Hard copies
  - CDs
  - Files uploaded to FTP or SharePoint

# A word about security

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- Secure your network (regardless of what you sell/do)
  - From the outside
    - Keep outward-facing website separate from internal drives
  - From Foreign Persons (employees or others)
  - From Visitors
  - Have abundant security software
    - Your IP is what keeps your company alive. KEEP IT THAT WAY!