

INTRODUCTION

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U.S. Customs and
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Reporting Requirements

1. New Employees (19 C.F.R. 28(b)(I)(ii))
2. Employee Information (19 C.F.R. 111.28(b)(1)(i))
3. Terminated Employees (19 C.F.R. 111.28(b)(2))
4. Termination of Qualifying Member or Officer (19 C.F.R. 111.28(c))



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Duties and Responsibilities of Customs Brokers

- Maintenance of Records (19 C.F.R. § § 111.21 – 111.27)
- Responsible supervision and control (19 C.F.R. § 111.28)
- Due diligence in correspondence and paying monies (19 C.F.R. § 111.29)
- Conflict of Interest (19 C.F.R. § 111.31)
- False Information (19 C.F.R. § 111.32)
- Government records (19 C.F.R. § 111.33)
- Relations with Unlicensed Persons (19 C.F.R. § 111.36)
- Advice to Client (19 C.F.R. § 111.39)
- Endorsements of checks (19 C.F.R. § 111.41)
- Protests (19 C.F.R. § 111.40)



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19 C.F.R. § 111.1 Factors

- The training required of employees of the broker;
- The issuance of written instructions and guidelines to employees of the broker;
- The volume and type of business of the broker;
- The reject rate for the various customs transactions;
- The maintenance of current editions of the CBP Regulations, the Harmonized Tariff Schedule of the United States, and Customs issuances;
- The availability of an individually licensed broker for necessary consultation with employees of the broker;
- The frequency of supervisory visits of an individually licensed broker to another office of the broker that does not have a resident individually licensed broker;
- The frequency of audits and reviews by an individually licensed broker of the customs transactions handled by employees of the broker;
- The extent to which the individually licensed broker who qualifies the district permit is involved in the operation of the brokerage; and
- Any circumstance which indicates that an individually licensed broker has a real interest in the operations of a broker.



Warning Letters

- Excessive Liquidated Damages
- Following a Broker Visit if anomalies are found
- Misfiling of ADD/CVD entries
- Misfiling of quota entries



Broker Penalties

Non-Egregious Violations

Examples per the Broker's Management Handbook:

- Repetitive Rejections for the same classification issue
- Repetitive late-filed entries
- The broker has a high rate of late filing liquidated damages cases
- The broker has failed to settle liquidated damages cases in a timely manner



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There's more...

- Depending on the circumstances, the following examples could be considered egregious
 - Providing or omitting entry information that would result in the avoidance of inspection or entry review by another agency affecting admissibility
 - Providing or omitting entry information which would result in avoidance of antidumping or countervailing duties or would result in a significant loss of revenue
 - Failing to identify merchandise subject to quota
 - Failing to respond to CBP requests for information, emails, phone calls or any other reasonable attempt to discuss CBP business



Issuance of Broker Penalties

Egregious Violations

An egregious violation is an act or omission that shows irresponsibility beyond that of a non-repetitive clerical mistake or a good-faith oversight.

An egregious violation should be the subject of an immediate issuance of a penalty or, when appropriate, proceedings to suspend or revoke the broker's license.



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Issuance of Broker Penalties

Egregious Violations

Examples of egregious violations:

- The misuse of clients' funds (19 C.F.R. § 111.29)
- Conducting customs business without a license (19 U.S.C. § 1641(b)(6))
- Making a false or misleading statement or an omission as to material fact, which was required to be stated in any application for a license or permit (19 U.S.C. § 1641(d)(1)(A))



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Broker Compliance Visits



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Broker Premises Visits and Compliance Reviews

- CBP will usually contact the broker in advance
- Review of internal controls and business practices
- Powers of Attorney
- Financial Records
- File Maintenance
- Some reviews will be single issue reviews and involve other entities such as the Import Specialist, ISET, ICE
- Contact: Supervisor Rebecca Gonzalez 562-366-5423



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Broker Compliance Review



What can you expect from us?

- We will bring information to you

Late files, no files, cancellation/deletion request rates, entry reject rate, info on latest submissions of employee data, etc.

What we expect from you?

- License or permit qualifier to be present
- POAs available for review and other documents
- Answers to Page 89-97 of the Broker Handbook



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Risk Factors

- High reject rate
- High seizure rate
- High numbers of no files, late files
- Defaulted payments
- CF 29's
- Referral from Import Specialist Team, ISET, FP&F



- 19 U.S.C. § 1641 and 19 C.F.R. Part 111
- CBP Broker Management Handbook
- CBP Broker Compliance Webpage:
http://www.cbp.gov/xp/cgov/trade/trade_programs/broker/



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Questions?



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