

SPECIAL EDITION

Importer Security Filing

The J-REPORT

Information and News from the World of Compliance and Logistics

John S. James Co.

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SPECIAL EDITION—IMPORTER SECURITY FILING

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It is said that repetition is the best way to learn. We have dedicated several newsletters and other correspondences regarding ISF in order to provide you the most accurate, concise and easy-to understand information possible regarding these new regulations. This publication is entirely dedicated to the subject of Importer Security Filing which will enter the penalty phase next Tuesday, January 26th, 2010. Listed below you will find a summary of the 10 data elements that Importers must provide 24 hours **prior** to vessel loading at the foreign port.

The 10 data elements required of importers to CBP are...

- | | |
|--------------------------------|---|
| Seller Name and Address | Manufacturer (Supplier) Name and Address |
| Buyer Name and Address | Country of Origin |
| Importer of Record | Commodity HTS Number |
| Consignee Number(s) | Container Stuffing Location |
| Ship to Party | Consolidator (Stuffer) |



CBP will consider an ISF Filer's participation throughout 2009 as a determinate factor if any violation occurs. It is a violation to fail to submit an ISF when required, submit a late or inaccurate ISF, submit an inaccurate update or fail to withdraw an ISF. Port Directors may assess a claim for liquidated damages against the culpable party in the amount of \$5,000 *per incident*. Repetitive violations may result in additional penalties in concurrence with 19 U.S.C. 1595a(b).



What about ISF Bonds, "Do not load" messages, and liquidated damages? *For information on this please see page 2*

Importer Security Filing ISF BONDS

All of you who are importers currently hold a customs bond of sorts. Either a Single Entry or Continuous Bond.

Single Entry Bond - Importers obtain a single entry bond for a single shipment. It covers only the entry or transaction for which it was written in a named port only. It is a one-time use.

Continuous Bond - A continuous bond is normally obtained by importers who have a large number of entries and/or imports through several ports of entry during a given year. It has a term of one year and is automatically renewed each year. A continuous bond is valid until it is terminated by the surety or the principal.

For those of you who have a **continuous bond**, at this time you are not required to obtain separate bonding for 10+2 filing, unless superceding regulations are introduced by U.S. Customs & Border Protection at some future date.

If you are importing under a **SINGLE ENTRY BOND (SEB)**, then you are required to obtain a separate ISF Bond. Just as mentioned above, an ISF Bond is a single-time use for the transaction it was written for in a named port of entry. The ISF bond is required to be set at a \$10,000 minimum. If you have any questions regarding customs bonds in general or ISF Bonds, please contact your bonding company directly for any additional requirements they may have. If we provided you with customs bond services, your dedicated John S. James representative is willing to assist with any questions you may have.



IMPORTER SECURITY FILING ISF ENFORCEMENT STRATEGY

U.S. Customs and Border Protection (CBP) recently contacted the American Association of Exporters and Importers (AAEI) and shared some valuable information regarding their ISF enforcement strategy throughout 2010. CBP intends to roll out a “graduated” enforcement over the next four quarters of 2010:

- In Q1 (January 26, 2010 – April 2010), CBP will concentrate its enforcement efforts on importers who have not made an Importer Security Filing (ISF) since January 26, 2010. If the importer does not file an ISF for shipments after the enforcement date, CBP will be putting those non-compliant importers on notice. Additionally, CBP may communicate with importers who file late or incomplete filings – or fail to withdraw a filing – to advise them to take corrective actions. During Q1, CBP will not be assessing liquidated damages or issuing Do Not Load (DNL) messages. It should be noted that due to the current security environment, CBP does reserve the right to take any necessary actions for national security purposes. Shipments with no filings may be subject to non-intrusive inspections (NII). Warning notices issued by CBP will be communicated to the importer via its Filer.
- In Q2 (May 2010), CBP will begin to issue holds on cargo for noncompliance and consider other enforcement measures (e.g. increased exams). CBP does not plan to assess liquidated damages or issue DNL messages in Q2.
- Either in Q3 or Q4, CBP will begin to assess liquidated damages on ISF with data or filing problems, including timeliness. Currently, CBP is reporting that 80% of the filings are made on Fridays and wants to see how the filing distribution changes over the next few months.
- In Q4, CBP expects to be in full enforcement mode. There is the possibility of DNL messages being issued for specific high risk shipments. As to liquidated damages, importers will still have the right to petition and mitigate the assessment of liquidated damages. Currently, all liquidated damages for ISF will be reviewed by HQ prior to issuance. This is an automated process. If headquarters determines the liquidated damages is in order, they will advise the port to proceed with issuing the liquidated damages claim. Importers will work with the ports once the liquidated damages claim is issued - not with CBP Headquarters. If members still have questions about CBP’s enforcement of ISF, AAEI will hold a webinar with CBP shortly to provide an opportunity to submit questions. Please check AAEI’s website and the Alert for the date and time of the ISF webinar (www.aaei.org)

We strive to provide timely and accurate information to the international trade community. After conferring with representatives of other trade organizations concerning the information above, we note that there may be some variation in the details provided by CBP officials in coming days. Therefore, this notice is provided as “information only”.