



The American Companies

"ISF News Flash"

January 28, 2010

ISF Enforcement Period begins

This has been a very exciting week for all ISF filers and importers alike. Over one year of hard work, careful preparation and we are now out of the gate. Aside from the challenges that everyone experienced in getting their own ISF program up and running, during these past 12 months there have been some major accomplishments that The American Companies (TAC) would like to share. As a pat on the back to our clients who have listened carefully, worked very hard and have enjoyed the benefits of a compliant and successful implementation, here are some fun "TAC" facts to know based on the last 12 months:

- 100% of all active TAC clients as of 1/26/2010 are now filing Importer Security Filings (No Surprise – you worked hard!)
- In the last three months, 45 TAC clients reached 100% compliance on a quantitative basis.
 - o 8 clients reached 90% and above
 - o 85% of our clients who are actively filing are between 65% and 89% with everyone gaining momentum quickly.
- Out of all bills of lading handled by our brokerage department in the last three months where TAC is the ISF and Entry filer, clients had filed an ISF on approx. 70% of all entry bills of lading.
- Less than 1% rejects in the last 12 months – with most occurring in Q1, Q2 and Q3 2009.
- First client to file an ISF on 1/26/2009 – Keenpac USA Ltd.
- First client to file an ISF on 1/26/2010 – Sharp Electronics Corp.
- First Client to reach 100% compliance – CMC International

TAC would like to congratulate our customers for doing such a fine job in preparing for this major initiative. The fruits of your hard work have put most of you in a position to breathe easy and be assured that your supply chain will be fully compliant!

Some additional information in the form of a Q&A was just released by the National Customs Brokers and Freight Forwarders Association this week which we thought would be useful for you to know.

Q: What is Customs and Border Protection's (CBP) Importer Security Filing (ISF) Enforcement Strategy beginning January 26, 2010?

A: CBP has developed an ISF Strategy document for internal use only. There will not be an official publication of this strategy for the trade. However, details of the strategy as communicated by CBP in public venues are provided below.

- The strategy is to "gradually" escalate enforcement of ISF requirements
- CBP does not plan to focus on timeliness initially but considers an ISF filed a week late as unacceptable
- CBP will only look at new data in the next few months as a baseline for enforcement going forward
- The first quarter (3 months) of data will determine if liquidated damages will be issued in May or June
- CBP reserves the right to stop shipments for serious security risk even in the graduated enforcement mode
- Importers that fail to file ISF can expect to be warned by CBP
- Beginning in May, CBP will begin issuing liquidated damages and holds for shipments without ISF filing, and they will consider other avenues to mitigate security risks
- By the third quarter, CBP will issue liquidated damages, place holds on shipments, and take other enforcement measures on a regular basis, and begin evaluating the accuracy of ISF data
- Any claims for liquidated damages will originate in field offices; however, all claims will be processed and approved through CBP Headquarters (HQ) office for the first year to ensure uniformity across all ports of entry
- The normal protocol for processing liquidated damages claims will be employed
- Importers that filed ISFs in 2009 will have an advantage should liquidated damages be assessed as that record will be considered a mitigating factor

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Q: Who has authority to waive liquidated damages claims?

A: CBP HQ will have the authority to waive liquidated damages for the first year. However, from CBP’s perspective, they expect that importers will be more concerned about cargo holds than liquidated damages.

Q: How much tolerance will CBP have going forward when bills do not match?

A: CBP will take a sensible approach and look at each incident on a case-by-case basis. Until CBP reviews this issue further, it is expected that the bill of lading information will be pursued with the transportation entities and the ISF will be filed using the best available data at hand.

Q: The trade would like guidelines clearly outlining when ISF obligation terminates. Currently, the statute of limitation is 6 years from when ISF obligation begins which is 24 hours before loading. Can CBP simply make the bond obligation terminate in the same period as the entry liquidation process (i.e., one year) to be consistent?

A: CBP will explore the termination of the ISF bond obligation within the liquidation period if feasible. CBP is willing to consider 30 to 90 days to terminate the bond obligation for untimely filed ISF. However, the Office of Regulations & Rulings has indicated that this will require further review. It should be noted that the discussion is in a very preliminary stage of development. NCBFAA will submit a proposal to CBP defining a mechanism and the time lines to terminate the ISF bond obligation.

Q: How will CBP review and determine the accuracy for ISFs?

A: CBP will take a layered approach when reviewing data to determine ISF accuracy that consists of reviewing manifest, ISF, and the customs entry. CBP plans to use C-TPAT data as well. CBP will determine if parties are legitimate, and eventually will look at entry data and the HTS to see if they are consistent.

Q: How will CBP measure timeliness for ISF?

A: Currently CBP measures ISF timeliness based on the actual vessel departure date minus 24 hours. Based on the latest statistics, the trade is doing well in regards to filing ISF timely.

Q: When will CBP provide ISF transaction data to the trade?

A: The filer has transaction data they can provide to the importer; therefore, CBP will not send the same data back. Filers are already getting error messages for each transaction electronically



WE ARE PLEASED TO ANNOUNCE that the new and improved AmeriWeb® has been released to production and is now accessible to all our clients. In addition to displaying all critical shipment tracking event dates, the new Web Portal contains the following new features:

- ISF tracking fields: ISF Sent to Customs Date, ISF CBP control Number, ISF most current Status Message and ISF most current status message date.
- Document Images - as available: CF7501, CF3461, Shippers Commercial Documents, Delivery Order, TAC Invoice and Container Manifest (if AIC handles your freight movement),

As the next few weeks unfold, additional features will be added such as the ISF Status Message as an imaged report, and a report utility with all the same reports you were used to accessing in AmeriTrack® to help you run your business. This utility will allow auto report sending on a schedule that you set and to whom you wish the reports to go. And as always, we will customize any report you wish to see and include it within this utility. If you don’t already have a user name or password please contact techsupport@shipamerican.com and our I.T. team will be happy to assist you.



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