



Masterpiece International, Ltd.

International Commercial Logistics and Consulting Customs Brokers Freight Forwarder

November 2, 2010

*****UPDATE*****

To our Valued Clients:

RE: Importer Security Filing – Full Enforcement Jan. 26, 2010

Dear Importer:

As you should know from previous correspondence, full enforcement for the Importer Security Filing (ISF, commonly known as “10+2”) began on Jan. 26, 2010.

As the flexible enforcement period has ended, CBP states that the guiding principle is to exercise the least punitive measures available to obtain full compliance. In order to achieve maximum compliance with the least amount of disruption to the trade and to domestic port operations, CBP says they will apply a measured, common sense approach to enforcement. This should not be viewed as a further extension of the structured review and flexible enforcement period. In a recent popular West Coast Broker’s convention, Custom’s ISF Point man Richard DiNucci confirmed this practice.

CBP has concentrated its enforcement efforts on importers who are not filing ISFs for U.S.-bound shipments. At the very least, non-compliant ISF Importers should expect to receive a warning and/or will experience delays in the release of their cargo while CBP analyzes and mitigates the potential risk of the cargo. At a minimum, non-compliant importers should expect their shipments to undergo non intrusive inspection (NII) exam upon arrival in the U.S.

As CBP’s enforcement regime matures, non-compliant importers will continue to see increases in the amount of manifest holds and examinations, and will be subject to the greater use of stricter enforcement measures such as liquidated damages and do not load (DNL) holds. For C-TPAT companies that remain non-compliant, CBP will consider suspending, reducing and even revoking their C-TPAT status.

CBP will evaluate instances of non-compliance on a case-by-case basis and will consider factors surrounding potential violations before applying enforcement actions.

The biggest problem Brokers (including Masterpiece) have been experiencing is matching up ISF bills of lading numbers with the bills of lading filed electronically by Steamship lines and/or NVOCC Freight forwarders. Even a timely filed and accepted ISF is not considered “complete” if the bills of lading do not match.

What this means for you the importer is to continue efforts to provide us the required ISF information and if applicable, pressure your suppliers and/or forwarders to provide us this information so that we may file ISFs timely and completely on your behalf.

Customs has issued new disposition codes for examinations and holds related to ISFs not on file or non-compliant. Failure to file ISFs will result in delays in release of freight, and ultimately, liquidated damages.

Under the ISF Ruling, importers are liable for a maximum of \$10,000 per ISF transmission for the following reasons:

- **Late Filing:** \$5,000 if the ISF is not filed at least 24 hours prior to vessel departure. This includes untimely filing of an ISF update and/or flexible ISF option.
- **Inaccurate Filing:** \$5,000 per inaccurate and/or incomplete ISF if any of the data elements are missing. This includes if the Bill of Lading is missing and/or does not match with the ISF transmission 24 hours prior to vessel departure. The Bill of Lading must provide the lowest denomination of the cargo (i.e. House Bill of Lading).
- **Amended Filing:** \$5,000 for any inaccurate ISF update including an incorrect update to a flexible filing.

Please refer to Masterpiece information sheet issued in January 2010, explaining further details on ISF penalties and requirements. You may also access this document on our website, Newsletter section for January, 2010. As always should you have any questions please feel free to contact us.

Best regards,
Masterpiece International, Ltd.