End-Use Monitoring
Overview

Kevin J. Kurland
Director
Office of Enforcement Analysis

Department of Commerce
• BIS End-Use Monitoring Program managed by the Office of Enforcement Analysis (OEA)
  • Exports of items subject to the Export Administration Regulations (EAR), including Commerce Control List (CCL) items

Department of State
• Directorate of Defense Trade Controls (DDTC) Blue Lantern Program managed by DTC-Compliance (DTCC)
  • Exports of U.S. Munitions List (USML) defense articles under the International Traffic in Arms Regulations (ITAR)

Department of Defense
• Defense Security Cooperation Agency (DSCA) Golden Sentry Program managed by DSCA’s Directorate for Programs
  • Exports of USML defense articles and services under the U.S. Foreign Military Sales (FMS) program
Export Enforcement: Mission & Priorities

Mission: Protect national security, foreign policy, and economic interests by inhibiting the unauthorized export/reexport of items subject to export control.

Priorities:
- Sanctions/embargoes (e.g., North Korea, Syria, etc.)
- Proliferation of weapons of mass destruction and their means of delivery (nuclear, chemical, biological, and missile)
- Unauthorized military end-use (i.e., China, Russia, and Venezuela)
- Terrorism (including terrorist organizations and state sponsors)
- Foreign policy/human rights

What is an End-Use Check

- An End-Use Check (EUC) is a physical verification on location with a party of the transaction to determine if the party is a reliable recipient of U.S. goods and that items are or will be used in accordance with the EAR.

- As part of its licensing process and preventive enforcement efforts, BIS selectively conducts end-use checks on certain dual-use and munitions exports.
  - Monitor license condition compliance.
  - Monitor compliance of non-licensed transactions.
  - Confirm the end-use.
  - Determine if the company is a reliable end-user.
  - Discover more information about the parties.
BIS Update 2017 Conference on Export Controls and Policy

BIS End-Use Monitoring

- **Pre-License Check (PLC):** Establishes *bona fides* and validates information on export license applications PRIOR to shipment.
- **Post-Shipment Verification (PSV):** Strengthens assurances that all parties comply with an export license and licensing conditions to deter diversions AFTER shipment
  - Licensed PSV
  - Non-Licensed PSV

Projected FY17 – Approx. 1,000 EUCs in 50 Countries

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>22%</td>
</tr>
<tr>
<td>South America</td>
<td>27%</td>
</tr>
<tr>
<td>Europe</td>
<td>4%</td>
</tr>
<tr>
<td>Africa</td>
<td>4%</td>
</tr>
<tr>
<td>Asia</td>
<td>18%</td>
</tr>
<tr>
<td>Middle East</td>
<td>1%</td>
</tr>
</tbody>
</table>

Who Conducts End-Use Verifications?

- **Export Control Officers (ECOs):**
  - Export control policy engagement.
  - Foreign government and local business outreach.
- **Sentinel Program:**
  - Checks conducted by Export Enforcement personnel in locations where no ECO is present.
- **U.S. Embassy officials**
**Rating System Review**

**UNFAVORABLE**
- Check is found to be unfavorable due to an EAR violation.
- BIS will take a proactive enforcement-related action.

**UNVERIFIED**
- *Bona fides* of the foreign party(ies) could not be verified.
- Parties are added to OEA watchlist and potentially added to the UVL, dependent on circumstances.

**FAVORABLE**
- Not Unfavorable or Unverified.
- Subject is considered to be a reliable recipient.

---

**End-Use Check Results**

Consequences of Unfavorables/Unverified
- **Referral for Further Investigation**: May result in criminal or administrative penalties.
- **Watch List**: Scrutiny of license applications and export transactions, including denial/conditions. May include outreach to alert exporters about customers of concern.
- **Unverified List**: Alerts exporters about foreign persons whose *bona fides* could not be verified. License Exceptions are not available and an export license or consignee statement may be required.
- **Entity List**: Imposes restrictions on exports, absent license approval, on foreign persons involved in activities contrary to the national security or foreign policy interests of the United States.

![Pie chart showing results]

- Favorable: 73%
- Unfavorable: 16%
- Unverified: 11%
End-Use Check Documents

- You may receive a request for documents
  - This is routine and does not indicate BIS has any specific compliance concerns about you or your customer
- Provide the following documentation
  - Air waybills/bills of lading
  - Purchase orders and customer contact information
  - Commercial invoices and packing lists
  - Commodity specifications and ECCN information
  - Any export license, CCATS, STA/UVL statements, etc.
  - End-user documentation (e.g., BIS-711)

Bona Fides Resources

- BIS FAQs
    - Addresses freight forwarders, subsidiaries, parents

Thank You!

Office of Enforcement Analysis
Bureau of Industry and Security
www.bis.doc.gov