



14 Red Flags

Watch out for these potential violations in your export transactions.

It is vital to national security that U.S. exporters remain on the look out for any abnormal circumstances in their transactions that indicate that the export may be destined for an inappropriate end-use, end-user, or destination. These circumstances are known as “red flags”.

The Bureau of Industry and Security has developed a list of such “red flags”.

While the list is not all-inclusive, it is intended to illustrate the types of circumstances that should cause reasonable suspicion that a transaction will violate the Export Administration Regulations.

Exporters: watch out for these red flags.

1. The customer or the customer’s address is similar to one found on any of these screening lists:
Denied Persons List
Unverified List
Entity List
Specially Designated Nationals & Blocked Persons List
Debarred List
Nonproliferation Sanctions
2. The customer wants to pay cash for a very expensive item when the terms of sale would normally call for financing.
3. The customer has little or no business background
4. The customer or purchasing agent is reluctant to offer information about the item’s end use.
5. The product’s capabilities don’t fit the buyer’s line of business (e.g., an order of sophisticated computers for a small bakery).
6. The customer is unfamiliar with the product’s performance characteristics but still wants the product.
7. The customer declines routine installation, training, or maintenance services.
8. The buyer is evasive and especially unclear about whether the purchased product is for domestic use, export, or reexport.
9. The product is incompatible with the technical level of the destination country (e.g., a semiconductor being shipped to a country with no electronics industry).
10. Delivery dates are vague.
11. Deliveries are planned for out of the way destinations.
12. A freight forwarding firm is listed as the product’s final destination.
13. The shipping route is abnormal for the product and destination.
14. Packaging is inconsistent with destination or the stated method of shipment.

This content was derived from the Bureau of Industry & Security’s (Department of Commerce) website.

Red Flag Indicators

<<http://www.bis.doc.gov/complianceand enforcement/redflagindicators.htm>>

Content compiled by Mohawk Global Logistics. Visit us at www.mohawkglobal.com.