



CTPATTM

YOUR SUPPLY CHAIN'S STRONGEST LINK.

Business Associates



U.S. Customs and
Border Protection

Business Associates/Commercial Partner - Definition

A business partner is any individual or company whose actions may affect the security of the chain of custody of goods that are imported or exported from the United States through the supply chain of a CTPAT member.

A business partner can be any party that provides a service to meet a need within a company's international supply chain. These functions include all parties (both direct and indirect) involved in the purchase, document preparation, facilitation, handling, storage and/or movement of cargo for, or on behalf of, an Importing or Exporting Member of CTPAT.

Two examples of indirect partners are outsourced carriers and overseas consolidation warehouses, organized by a logistics agent/provider.



3.1 - Written Selection and Monitoring Process - They must...

- CTPAT members are required to have a written, risk-based process to verify new business partners and to monitor current partners.
- One factor that members must include in this process is the control of activities related to money laundering and terrorist financing. In order to assist with this process, it is important to consult the CTPAT warning indicators on trade-based money laundering and terrorist financing activities.

[CTPAT Portal - Public Documents / Public Library](#)

*Warning Indicators of Trade-Based Money Laundering
and Terrorist Financing*



3.1 - Implementation Guide

The following are examples of some research items that can help determine if a business is legitimate:

- Verify the company's business address and how long they have been at that address;
- Conduct internet research both on the company and its directors; • Verify commercial references; and
- Request a credit report.



3.1 - Example

The Post Incident Analysis (PIA) conducted on [REDACTED] revealed that [REDACTED] failed to have a documented and verifiable process for determining risk throughout its supply chain; failed to promote C-TPAT's minimum security criteria to its client importers; and failed to convey to its business partner importers the importance of having security procedures in place at the point of stuffing, as well as procedures to inspect, properly seal and maintain the integrity of the shipping containers and trailers.

More specifically, [REDACTED] failed to follow the program's business partner requirements and allowed a new client to pay for brokerage services in cash. The company also failed to share critical conveyance security processes with its business partners as previously stated and annotated in the company's procedures, validation response and security profile.



3.2 - Selection Process and Lists - They must...

Business partner selection process must include checks against the applicable lists of the following US government entities.

- Department of Commerce - Bureau of Industry and Security (BIS)
- Department of State - Directorate of Defense Trade Controls (DDTC)
- Department of the Treasury - Office of Foreign Assets Control (OFAC)

Persons or entities on any of these lists must be reported to SCSS and relevant authorities within 24 hours prior to departure.



3.3 - Indicators of Non-Legitimate Shipments or Customers - They must...

Written selection processes must include indicators to identify shipments or customers that may not be legitimate.

If a higher risk factor is checked when selecting a shipment/customer, carrier must complete a more detailed review.

If examination leads to substantial doubts as to the veracity of the shipment/customer, carrier must notify US Customs and Border Protection of their suspicions.



3.3 - Implementation Guide

Some of the warning signs could be:

- Willingness to pay above the standard rate;
- Paying cash;
- Having little knowledge of the product to be shipped;
- Being evasive in their responses;
- Giving minimal contact information (cell phone, PO box); and,
- Company is new, with no commercial history.



3.3 - Resources

CTPAT's Warning Indicators for Trade-Based Money Laundering and Terrorist Financing

CTPAT Portal - Public Library



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CTPAT's Warning Indicators for Trade Based Money Laundering and Terrorist Financing

July 25, 2018

As part of their risk assessment and business partner requirements, Customs Trade Partnership Against Terrorism (CTPAT) Members must have a written, risk based process for screening new business partners and for monitoring current partners. Factors that must be included in this process are checks on the financial soundness of the business and activity related to money laundering and terrorist funding -and how to deter/mitigate these activities. There is marked overlap between money laundering and terrorist financing, as both criminals and terrorists use similar methods to raise, store, and move funds. The following indicators of potential trade-based money laundering (TBML) and terrorist financing activities may be used by CTPAT Members as part of their screening and monitoring process.

Additional analysis may be necessary to determine if one of the activities described below may support a criminal act. CTPAT Members should (CTPAT Exporters must) research information available through other entities, such as a financial institution; the U.S. Department of Treasury, Office of Foreign Asset Control; the U.S. Department of Commerce, Bureau of Industry and Security; and the U.S. Department of State, Directorate of Defense Trade Controls. Another source of information is the Financial Action Task Force (FATF), an inter-governmental body established in 1989 whose objectives are to set standards and promote effective implementation of legal, regulatory, and operational measures for combating money laundering and terrorist financing threats. Specific to TBML, Members should also consult Immigration and Customs Enforcement's (ICE) Trade Transparency Unit's website, www.ice.gov/trade-transparency.

It is important to remember that no one activity by itself is a clear indication of TBML or terrorism financing activity. A single indicator on its own may be insignificant, but combined with other indicators, CTPAT Members could have reasonable grounds to suspect that the transaction or business partner is part of an illegal activity.

TBML – It occurs when criminals use the international trade system to disguise illicit proceeds by altering Customs and banking paperwork to make transactions appear legitimate. These proceeds are then used to finance additional criminal activity, which may include funding terrorist activities or organizations.

Warning Indicators – Circumstances that should alert an individual that illegal or improper conduct is likely to occur and, therefore, requires further inquiry.

Reporting Suspicious Activities

CTPAT Members may report suspicious activity related to TBML and terrorism financing by:

- ✓ Contacting your local ICE office
www.ice.gov/contact/field-offices
- ✓ E-mailing ICE at
ReportTBML@ice.dhs.gov
- ✓ Calling toll free 1-866-DHS-2423

3.4 - Associates and Mutual Recognition - They must...

- The business partner verification process must consider whether the partner is a CTPAT member or a member of an approved Authorized Economic Operator (AEO) program with a Mutual Recognition Agreement (MRA) (or MRA approved) with the United States .
- Certification, either from CTPAT or an approved AEO, is acceptable proof of compliance with the business partner program requirements, and members must obtain proof of certification and continue to monitor these business partners to ensure they maintain their certification.



3.4 - Implementation Guide




CTPAT business partner certification can be verified using the status verification interface system (SVI) on the CTPAT portal.

If the business partner's certification is from a foreign AEO program, pursuant to an MRA with the United States, the foreign AEO certification will include a security component. Members can visit the website of the other country's customs administration, where the names of the AEOs of that administration appear, or request certification directly from their trading partners.

Current US MRAs include: New Zealand, Canada, Jordan, Japan, South Korea, the European Union (28 Member States) Taiwan, Israel, Mexico, Singapore, the Dominican Republic and Peru.



3.5 - Business Partners - AEO Mexico / SAT







SAT Servicio de Administración Tributaria

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SAT > COMERCIO EXTERIOR > ESQUEMA INTEGRAL DE CERTIFICACIÓN > LISTADOS DE EMPRESAS CERTIFICADAS

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LISTADOS DE EMPRESAS CERTIFICADAS

En el esquema integral de certificación:

-  [Empresas IVA y IEPS](#)
-  [Autotransportistas terrestres](#)
-  [Agentes aduanales](#)
-  [Recintos fiscalizados](#)
-  [Mensajería y paquetería](#)

Listado de Empresas Autotransportistas Terrestres OEA

12 de junio de 2018

No	Empresa	Dirección	Página Electrónica	Contacto	
				Correo electrónico	Teléfono
1	Auto Express Hércules, S.A. de C.V.	Camino Escobedo al Carmen Núm. 201, Col. Centro, C.P. 66050, General Escobedo, Nuevo León	www.autoexpresshercules.com.mx	contacto@autoexpresshercules.com.mx	818 154 3300
2	Fletes Sotelo, S.A. de C.V.	Calle Camino de los Esteros Núm. 720, Col. Partido Doblado, C.P. 32530, Ciudad Juárez, Chihuahua	-	-	-
3	Auto Transportes Romedu, S.A. de C.V.	Carretera Lauro Villar km 9.5, Col. Ejido San Francisco, C.P. 87540, Matamoros, Tamaulipas	www.romedu.com.mx	alvaro_hernandez@romedu.com.mx	868 811 5500 ext. 521
4	Indiana Transport, S.A. de C.V.	Carretera Aeropuerto km 3.9, Col. América 5, C.P. 88299, Nuevo Laredo, Tamaulipas	www.palosgarza.com	-	-
5	Transportes Don Trucking, S.A. de C.V.	Calle 2 km 3.9, Col. Río Medio, C.P. 91809, Veracruz	www.dontrucking.com.mx	-	-
6	Transportes Innovativos, S.A. de C.V.	Periférico Sur Núm. 5885, Col. Manuel López, C.P. 45615, Tlaquepaque, Jalisco	www.in-vativos.com.mx	adrian_cardenas@in-vativos.com.mx	334 777 3402
7	Atlas Division Transporte, S.A. de C.V.	Blvd. Tercera Oeste Núm. 17532, Col. Garita de Otay, C.P. 22430, Tijuana, Baja California	www.agenciasatlas.com	-	-
8	Esgari Holding Mexico, S.A. de C.V.	-	www.esgari.com.mx	ventas@esgari.com.mx	333 342 2010 333 342 2012
9	Comandos Shuttle, S. de R.L. de C.V.	Calle Estado 29, S/N, Col. Granjas Nuevas, C.P. 21390, Mexicali, Baja California	-	edith@comandosmx.com	686 580 1456
10	Servicio Internacional de Enlace Terrestre, S.A. de C.V.	Av. Zaragoza Núm. 720, Col. Salvacar, Ciudad Juárez, Chihuahua	www.tsiete.mx	armando_sotelo@sbcglobal.net auditor.operaciones@tsiete.mx	656 682 2943 al 47
11	Frio Express, S.A. de C.V.	Calle Gregorio Ruiz Velasco Núm. 2014, Col. Ciudad Industrial, C.P. 20290, Aguascalientes, Aguascalientes	www.frioexpress.com	-	-
12	Autofletes Chihuahua, S.A. de C.V.	Retorno Lope Vega Núm. 510, Complejo Industrial Chihuahua, C.P. 31109, Chihuahua, Chihuahua	www.autofletes.com	jorge.autofletes.com	614 483 2220



3.5 - Outside Business Partners / Contractors - They must...

When a CTPAT member outsources or contracts elements of their supply chain, the member must exercise due diligence (through visits, questionnaires, etc.) to ensure that these business partners have security measures that meet or exceed CTPAT's minimum security criteria.



3.5 - Implementation Guide

- Audits may be done.
- More details may be required from companies located in high-risk areas.
- If a member sends a security questionnaire to their business partners, the request for important information must be considered.



3.5 - Implementation Guide

If a member sends a security questionnaire to their business partners, consider requesting the following items:

- Name and title of the person who answered the questionnaire;
- Date and signature of the person who answered the questionnaire;
- Signature of a senior company official, security supervisor, or authorized company representative to attest to the accuracy of the questionnaire;
- Provide sufficient detail in responses to determine compliance;
- Include photographic evidence, copies of policies/procedures, and copies of completed forms such as international traffic inspection instrument checklists and/or watch records according to risk level.



3.6 - Deficiencies Must Be Corrected - They must...

If weaknesses are identified during business partner security assessments, they must be addressed as soon as possible, and fixes must be implemented in a timely manner.

Members must confirm that deficiencies have been mitigated through documentary evidence.



3.6 - Implementation Guide

CTPAT recognizes that there will be different schedules for making corrections based on what is needed for the correction. Installing physical equipment generally takes longer than a procedural change, but the security breach must be addressed upon discovery.

Damaged fence - the process of buying a new fence must begin immediately (address the deficiency) and installation of the new fence (corrective action) should be carried out as soon as possible.

Depending on the risk level involved and the importance of the weakness found, some problems may require immediate attention.



3.7 - Update Business Partner Evaluations - They must...

To ensure that their business partners continue to meet CTPAT's security criteria, members must update their security assessments of their business partners on a regular basis or as circumstance/risk dictates.



3.7 - Implementation Guide

Regularly reviewing trading partners' security assessments is important to ensure that a robust security program is still in place and working properly.

If a member never required updates to their evaluation of a business partner's security program, the member would not know that the program was no longer effective after once being viable, putting the member's supply chain at risk.

Higher-risk supply chains = more frequent reviews than those that are low-risk.



3.8 - Transport Subcontracting - They must...

For inbound shipments to the United States, if a member subcontracts transportation services to another highway carrier, the member must use a CTPAT-certified highway carrier or a highway carrier that works directly for the member, as established in a written contract.

The contract must stipulate compliance with all the minimum security criteria requirements.



3.8 - Implementation Guide

The carrier must provide a list of carriers and subcontracted drivers to the facilities where it picks up and delivers cargo.

Any changes to the subcontractor list should immediately be passed on to relevant partners.

When reviewing service providers' compliance, the member must verify that the outsourced company is actually the carrier transporting loads and has not outsourced more loads without approval.

Members should limit outsourcing of transportation services to a single level. If exceptions are allowed for further outsourcing, the CTPAT member and sender must be notified that the cargo was further outsourced.



3.9 - Documented Social Compliance Program - They must...



CTPAT members must have a documented social compliance program that, at a minimum, addresses how the company ensures that goods imported into the United States are not mined, produced, or manufactured, in whole or in part, with prohibited forms of work, such as forced labor or incarcerated child labor

Applies to:
Importers, Manufacturers, and
Exporters



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3.9 - Implementation Guide

Section 307 of the Tariffs Act of 1930 (19 U.S.C. § 1307) prohibits the importation of merchandise mined, produced, or manufactured, in whole or in part, in any foreign country by forced or indentured child labor, including forced child labor.

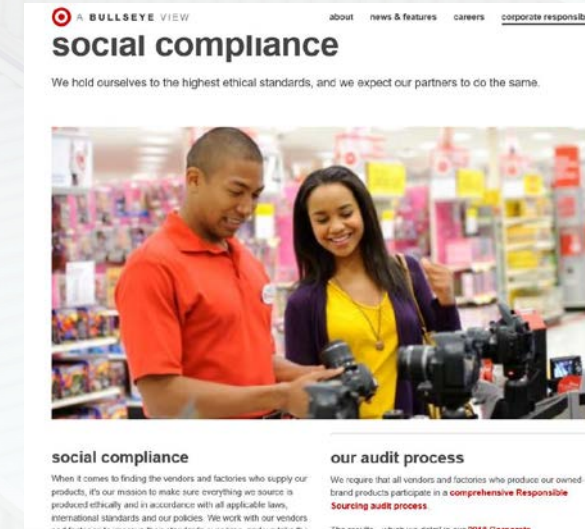
Forced labor is defined by the Convention No. 29, as all work or service required of any person under the menace of a fine and for which said person has not offered himself voluntarily.



3.9 - Implementation Guide

A social compliance program is a set of policies and practices through which a company seeks to guarantee maximum adherence to the elements of its code of conduct covering social and labor issues.

Social compliance refers to how a company addresses its responsibilities to protect the environment, as well as the health, safety and rights of its employees, the communities in which they operate, and the lives and communities of workers throughout their supply chains.



3.9 - Implementation Guide

Recommendations:

- Policies
- Current enforced code of conduct
- Transmitted to business partners
- Map of the supply chain for transparency purposes
- Identify high-risk areas.
- Review/audit process



California Transparency Act

Companies must disclose:

- Verification
- Conduct supplier audits
- Require direct supply certifications
- Maintain accountability standards and procedures
- Provide training to employees and management



US Department of Labor

Flagship reports

- *Findings on the Worst Forms of Child Labor*
- *List of Products Produced by Forced or Indentured Child Labor*
- *List of Goods Produced by Child Labor or Forced Labor*



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3.9 - Implementation Guide

CBP.GOV-Fact Sheets

- Supply Chain Due Diligence
- OECD Due Diligence Guidelines
- Forced Labor Enforcement: Points of Contact
- Force Labor Enforcement Procedures



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Commercial Enforcement Division
Forced Labor Enforcement

FACT SHEET

Supply Chain Due Diligence

Forced Labor Enforcement
CBP works diligently to prevent goods manufactured by prohibited forms of labor from being imported into the U.S. by enforcing the withhold release orders and findings of 19 U.S.C. 1307. To release shipments subject to WRO/findings, importers must submit a certificate of origin and a detailed statement showing the merchandise was not produced with forced labor.

Ensuring an Ethical Supply Chain
To combat the risks of child and forced labor in your operations and global supply chains, you should have a comprehensive and transparent social compliance system in place.

The following resources can assist companies without such a system, strengthen systems already in place or assist with conducting supply chain due diligence.

Start with the link below. It takes you to the Department of Labor's site for guidance on setting up a social compliance system.

<https://www.dol.gov/ilab/child-forced-labor/>

Compliance
Importers may obtain advice from a customs expert. For example, a licensed customs broker, customs/international trade attorney, or customs consultant.

Supply Chain Audits
Audits to evaluate risks in your supply chain are available from many private sources. These audits should unannounced and conducted by independent or third party auditors.

CBP Binding Rulings Program
Administrative rulings are available on prospective transactions. For additional information, please refer to 19 C.F.R. 177 and to the customs rulings online search system at:
<http://rulings.cbp.gov/>

CBP's Informed Compliance Publications
Current informed compliance publications can be located at
<https://www.cbp.gov/trade/rulings/informed-compliance-publications>

Other Guidance and Tools for the Trade Community:
Department of Labor List of Goods Produced by Child Labor or Forced Labor:
<https://www.dol.gov/ilab/reports/child-labor/list-of-goods>

Department of Labor List of Products Produced by Forced or Indentured Child Labor:
<https://www.dol.gov/ilab/reports/child-labor/list-of-products/index-country.htm>

Responsible Sourcing Tool
<http://www.responsiblesourcingtool.org/>

Civil Society and International Organizations
These organizations produce investigative reports concerning labor rights and working conditions in countries that export to the United States. The intergovernmental Organisation for Economic Co-Operation and Development has produced numerous publications discussing supply chain management and due diligence.
<http://www.oecd.org/>

For additional information and a complete list of WROs and findings, please visit:
<https://www.cbp.gov/trade/trade-community/programs-outreach/convict-importations>



BOX 1

International Labor Organization Global Estimates on Child Labor and Forced Labor

Of the **152 million children in child labor** in 2016:

- **73 million** were in hazardous work
- Over **70 percent** worked in agriculture
- **48 percent** were below age 12
- **58 percent** were boys

Of the **25 million people in forced labor** in 2016:

- **64 percent** were in the Asia-Pacific region
- Over **8 million** experienced debt bondage
- Over **4 million** were in government-imposed forced labor

BOX 2

Selected Indicators of Forced Labor

- Coercive recruitment
- Deception about the nature of work
- Confiscation of identity papers or travel documents
- Physical or sexual violence
- Forced overtime
- Limited freedom of movement or communication
- Withholding or delay of wages
- Denunciation to authorities
- No freedom to resign in accordance with legal requirements

Source: ILO. *Hard to See, Harder to Count: Survey guidelines to estimate forced labour of adults and children*. 2012.

COUNTRY	CHILD LABOR	FORCED LABOR	CHILD LABOR & FORCED LABOR
Mexico	Beans (green), Coffee, Cucumbers, Eggplants, Melons, Onions, Poppies, Pornography, Sugarcane, Tobacco		Chile Peppers, Tomatoes

