Know Your Cargo

On 11 December 2023, the Departments of Commerce, Treasury, Justice, State, and Homeland Security issued a Quint-Seal Compliance Note emphasizing the need for robust compliance in the maritime and transportation industries. We outline the key takeaways

Risk Awareness:
The Note stresses the necessity for entities involved in transportation, including vessel owners, exporters, and financial institutions, to be aware of the risks associated with illicit conduct in the global transport of goods.

Tactics of Malign Actors:
Potential indicators of efforts to evade sanctions and export controls include manipulating location data, falsifying cargo documents, ship-to-ship transfers, irregular shipping routes, frequent registration changes, and complex ownership structures.

Compliance Measures:
Entities are strongly advised to implement and strengthen compliance controls, especially in high-risk areas. This involves institutionalizing sanctions and export control compliance programs and establishing best practices for location monitoring and contractual requirements.

Due Diligence:
KYC: All participants in transportation should conduct risk-based due diligence on counterparties, including screening against government lists. Supply chain due diligence is crucial to ensure compliance with U.S. laws.

Conclusion:
Companies in the maritime and transportation industries should be proactive in their compliance efforts, assess risks, and implement controls to verify the nature, origin, and destination of transported cargo.

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