

**BUREAU OF INDUSTRY AND SECURITY
FREQUENTLY ASKED QUESTIONS
GUIDANCE FOR NON-U.S. CORPORATE SERVICE PROVIDERS
CURRENT AS OF AUGUST 23, 2024**

Q1: I am a corporate service provider located outside the United States. I have local and offshore customers that use my address as their registered place of business and sometimes use the address for billing or shipping when engaging in export and reexport transactions. Aside from providing accounting, mailbox services, or temporary office space, I do not play any role in their business. Am I responsible for the trade actions of my customers?

A1:

- Corporate service providers should work with their customers to ensure that corporate addresses or services are not used to evade U.S. export controls, especially for subsequent reexports and transfers (in-country) that may be otherwise prohibited under the EAR. BIS may take action against companies or other persons involved in violations of the EAR if circumstances warrant this, even when that entity is not a principal party to the export transaction. Penalties for violating the EAR may include civil monetary penalties or prohibitions on engaging in export trade, depending on the situation, as well as criminal penalties, (monetary penalties and/or imprisonment), for willful conduct leading to a violation.
- Furthermore, your corporate address may be subject to special restrictions under the EAR if your customers are using that address to unlawfully divert items subject to the EAR. Recent regulatory changes allow BIS to restrict exports, exports from abroad, reexports, and in-country transfers) involving high-risk addresses by listing them on the BIS Entity List (see [supplement no. 4 to part 744 of the EAR](#)). Specifically, under [Section 744.11 of the EAR](#), BIS may identify any address as an Address with High Diversion Risk and impose specific licensing requirements for transactions in which a company using that address is a party to the transaction.
- If your address is identified as an Address with High Diversion Risk on the Entity List, you and all customers who use this address are subject to the license requirements described in the license requirements column of the Entity List entry for that address, when acting as a Purchaser, Intermediate Consignee, Ultimate Consignee, or End-User in transactions that are subject to the EAR.

Q2: I am a corporate service provider for offshore customers. I am worried about my address being identified by BIS as an Address with High Diversion Risk. What best practices does BIS recommend for screening offshore or shell company customers?

A2:

- Corporate service providers face the risk of becoming involved in an export violation when customers use their services for actions that may violate the EAR. For this reason,

you should engage in best practices to know your customers and identify and resolve any potential red flags that warrant further scrutiny of customer behavior. See BIS's [“Know Your Customer” Guidance and Red Flags in Supplement No. 3 to part 732 of the EAR](#).

- Customers that appear on U.S. Government proscribed or restricted parties lists such as the BIS Entity List, the BIS Unverified List, or the U.S. Department of the Treasury's Specially Designated Nationals and Blocked Persons List (“SDN List”) are subject to restrictions on certain exports, reexports, transfers (in-country) or other transactions. These lists, along with other U.S. Government proscribed or restricted parties lists maintained by the Departments of the Treasury and State, are part of the [Consolidated Screening List](#). Your address may be identified as an Address with High Diversion Risk if one or more of your customers is identified on one of these lists. For this reason, you should follow the best practice of screening prospective customers against the Consolidated Screening List and, in some cases, conduct additional background research to confirm that your customers are not trying to circumvent U.S. law through your services.
- You should pay special attention to customers who ship items to destinations [subject to U.S. embargoes or other special controls](#), including Cuba, North Korea, Russia, Belarus, the temporarily occupied Crimea region of Ukraine or covered regions of Ukraine, Iran, or Syria. If you have a customer engaged in trade with any of these highly restricted destinations, you should take extra care to ensure that they are not engaged in exports involving items subject to the EAR without the appropriate authorization or limit your association with such customers.