



Masterpiece International, Ltd.

International Commercial Logistics and Consulting Customs Brokers Freight Forwarder

December 22, 2009

*******IMPORTANT: PLEASE SIGN AND RETURN PAGE 3*******

To our Valued Clients:

RE: Importer Security Filing – Full Enforcement Jan. 26, 2010

Dear Importer:

As you may know, full enforcement for the Importer Security Filing (ISF, commonly known as “10+2”) will begin on Jan. 26, 2010, and U.S. Customs and Border Protection (CBP) will begin issuing liquidated damage penalties for non-compliance with ISF requirements. **Under the ISF Ruling, importers are liable for a maximum of \$10,000 per ISF transmission for the following reasons:**

- **Late Filing:** \$5,000 if the ISF is not filed at least 24 hours prior to vessel departure. This includes untimely filing of an ISF update and/or flexible ISF option.
- **Inaccurate Filing:** \$5,000 per inaccurate and/or incomplete ISF if any of the data elements are missing. This includes if the Bill of Lading is missing and/or does not match with the ISF transmission 24 hours prior to vessel departure. The Bill of Lading must provide the lowest denomination of the cargo (i.e. House Bill of Lading).
- **Amended Filing:** \$5,000 for any inaccurate ISF update including an incorrect update to a flexible filing.

Responsibility for Liquidated Damage Penalties Relies with Importer of Record

Ultimate responsibility for ISF and correctness of the data rests with you as the importer of record. Customs Bonds are not insurance and do not relieve an importer of obligations to comply with CBP regulations, which state that importers are required to post a bond “to protect the revenue of the United States and to assure compliance with any pertinent law, regulation or instruction.” The surety company issuing the bond guarantees that the importer will comply with CBP regulations. If the surety is forced to pay CBP because the importer receives a claim for liquidated damages, the surety has the legal right to demand reimbursement from the bond principal and file legal proceedings if necessary to do so. Please be aware that Masterpiece cannot be held responsible for Customs’ penalties due to late transmissions or inaccurate filings. We urge you to communicate with your suppliers and explain the importance of them providing us the correct information on a timely basis. For your

protection, you may want to consider updating your purchase orders to include supplier's acceptance of responsibility for providing such information to us accurately and timely, or receiving some other written/binding document accepting such responsibility by supplier/vendor.

CIF, DDP, DDU,LDP, ETC. Shipments

Shipments arriving with terms such as Delivery Duty Paid, Cost Insurance Freight, etc., do not relieve importer from filing responsibility and liability. You must file. Consider purchasing/shipping under FOB terms.

Household Goods, Personal Effects

Shipments of Household goods and personal effects via ocean freight require the filing of the ISF. However, such shipments do not require ISF Bond.

Additionally, Government and Military", "Diplomatic", "Carnets", and "International Mail" transactions do not require ISF Bond.

Filing Exemptions

Bulk cargo is exempt from the ISF filing requirements.

ISF Bonding Obligations

All (ocean freight) importers are required to maintain a bond to guarantee ISF compliance. The ISF bond is not insurance and the importer is fully responsible for any ISF penalties as the bond principal. Importers who possess a Customs Continuous bond may utilize such for ISF transactions. For importers without a continuous bond, we advise you limit your liability for penalties resulting from ISF violations, by applying for a **Continuous Import Bond**.

Limiting Your Exposure to ISF Penalties

If you do not secure a Continuous Import Bond, under Customs regulations you will be required to post and pay for a separate ISF Bond subject to a \$10,000 bond minimum for each filing. Please note that the ISF bond will be needed in addition to the Single Bond required for your Customs Entry. The multiple aggregation of each ISF Bond increases your exposure to ISF penalties, which can be assessed up to \$10,000 per any one ISF transmission. Although the importer of record is liable for any ISF penalties, you can minimize your exposure by securing a Continuous Import Bond. Once a Continuous Import Bond is in force, it will renew each year unless terminated and also covers all your entry activity through any Customs port. Please contact our office ASAP should you wish to obtain a continuous bond.

Don't Delay, ISF Enforcement Is Here

Obtaining a **Continuous Import Bond** will expedite your Entry and ISF requirements and be more cost-effective for your operations. Please do not delay since ISF enforcement will promptly begin on Jan. 26, 2010, and your Continuous Import Bond must be on file with CBP before this date. **Please keep in mind, Customs requires 10 days notice to review your bond application.** Should you have questions regarding ISF enforcement, please do not hesitate to contact your local Masterpiece office.



Please indicate below that you have received, read and understand the importance of the 10 + 2 filing requirements and indicate if Masterpiece International will file on your behalf at an agreed fee or if you will handle it directly and return a signed copy of this page, noting your intentions to our office as soon as possible so we have a record that your company is in compliance with this new rule and it's penalties. As always should you have any questions please feel free to contact us.

Best regards,
Masterpiece International, Ltd.

We understand the importance and plan to comply with the rules of the ISF 10 + 2 filing and wish to have Masterpiece International file ISF 10 + 2 on our behalf.

We understand the importance and plan to comply with the rules of the ISF 10 + 2 filing and will make our own arrangements for filing.

Signed: _____ Printed Name: _____

Company Name: _____ Date: _____