

## **Customs and Border Protection Notice:**

### **Penalties Designated a Priority Trade Issue (PTI)**

(04/04/2008) The goal of the Penalties Trade Strategy is as follows: "To improve the effectiveness of the trade fraud penalty process by emphasizing national direction, uniformity, swift action, applying trade compliance alternatives to traditional commercial fraud penalties, and by focusing trade fraud resources on Priority Trade Issues (PTI)." The trade fraud penalty process is a PTI because: 1) considerable CBP resources are expended to achieve modest penalty collections; and 2) a penalty is often the only tool available to CBP to deter non-compliance in the trade environment.

The Penalties Trade Strategy is a complement to other PTI strategies whose action plans provide for the institution of penalty regimes to obtain compliance. The Penalties working group will assist other PTI working groups in developing specific instructions for the assessment of penalties related to the individual PTIs, and will be responsible for providing Headquarters oversight of the sanction processes. The sanction philosophy of the Trade Strategy is to assess penalties strictly according to Headquarters instructions, and to mitigate strictly within existing mitigation guidelines for cases involving PTIs. Cases involving PTIs are considered more critical than non-PTI cases for mitigation purposes, and deciding officials are encouraged to impose mitigated amounts that are at the high end of the mitigation ranges.

For the purposes of this PTI strategy, Trade Fraud will be defined as any entry or importation by way of false acts, information, or omissions including false information, false descriptions or material omissions contained in entry documentation.

Oversight of the process involves over 300 ports of entry and 41 Fines, Penalties and Forfeitures (FP&F) field offices. The trade fraud penalty process is governed by statutes and regulations. CBP's authority to assess penalties is established by statute. The language of each statute dictates the amount to be assessed and the party or parties against whom the penalty is assessed. The party has a right to submit a petition for relief for the penalty amount assessed. Title 19 United States Code 1618 is the statutory authority to mitigate or cancel a penalty. \* Kindly refer to Title 19 Code of Federal Regulations Part 171, for detailed procedures for processing petitions in penalty cases. Refer also the Office of Regulations and Rulings Mitigation Handbook. Please note the all petitions should be filed with the respective field FP&F office wherein the case was initiated.