

FRONTIER
SUPPLY CHAIN SOLUTIONS INC.

Analyzing AMPS



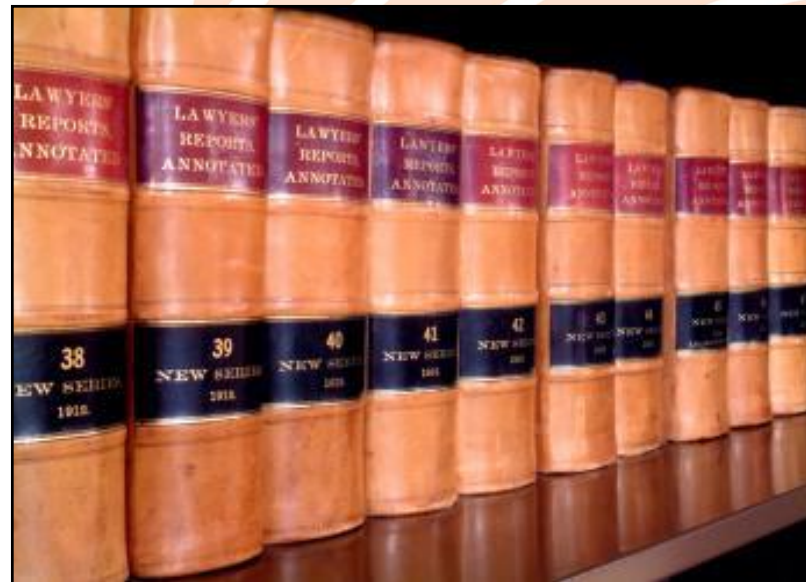
The Integrated Solution to North America

Agenda

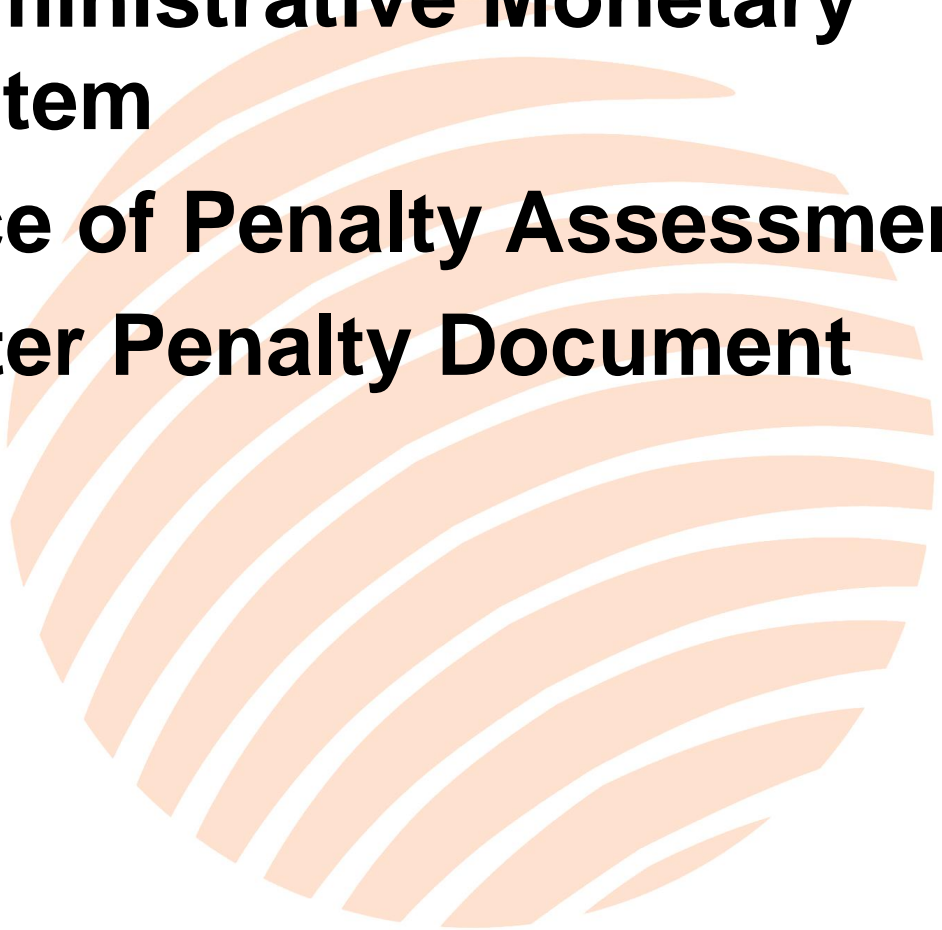


- Module 1: the theory of AMPS
- Module 2: the progression of an AMPS
- Module 3: the life application of AMPS (AMPS-opoly)

Module 1: the theory of AMPS



The Acronyms

- **AMPS = Administrative Monetary Penalty System**
 - **NPA = Notice of Penalty Assessment**
 - **MPD = Master Penalty Document**
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NOTICE OF PENALTY ASSESSMENT

PROTECTED when completed

Notice Date 2008-06-03	Penalty Assessment Number 77544	Penalty Amount \$2,000.00	Office Code 0312
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Client Customs Account Name / Address
 STRONGCO EQUIPMENT
 1640 ENTERPRISE RD
 MISSISSAUGA ON L4W 4L4

Legal Name
 STRONGCO LIMITED PARTNERSHIP

Client Identifier
 847064128RM0001

Penalty Amount
 \$2,000.00

**YOUR TURN:
 what happened?**

Reason for Penalty Assessment

C348 - On 2008/05/15, it was determined that the information required to be provided in respect of imported or exported goods was false.
 C348 - Le 2008/05/15, nous avons constaté que les renseignements devant être fournis en matière de marchandises importées ou exportées sont faux.

1) Contravention C348

Contravention

Person intentionally provided false information in any permit, certificate, licence, document or declaration required to be provided for imported or exported goods under the Customs Act, the Customs Tariff or Special Import Measures Act (SIMA) or under any other Act of Parliament that prohibits, controls or regulates the importation or exportation of goods.

Legislative/Regulatory Authority

Customs Act 7.1

Penalty Calculation Information

Value for Duty or Value of Goods:	\$2,108.73
Penalty Level:	1
Amount:	\$2,000.00

This is the first assessment of this contravention during the retention period. You have been assessed at \$2,000 or 20% of the value for duty or value of goods, whichever is greater.

What is AMPS?

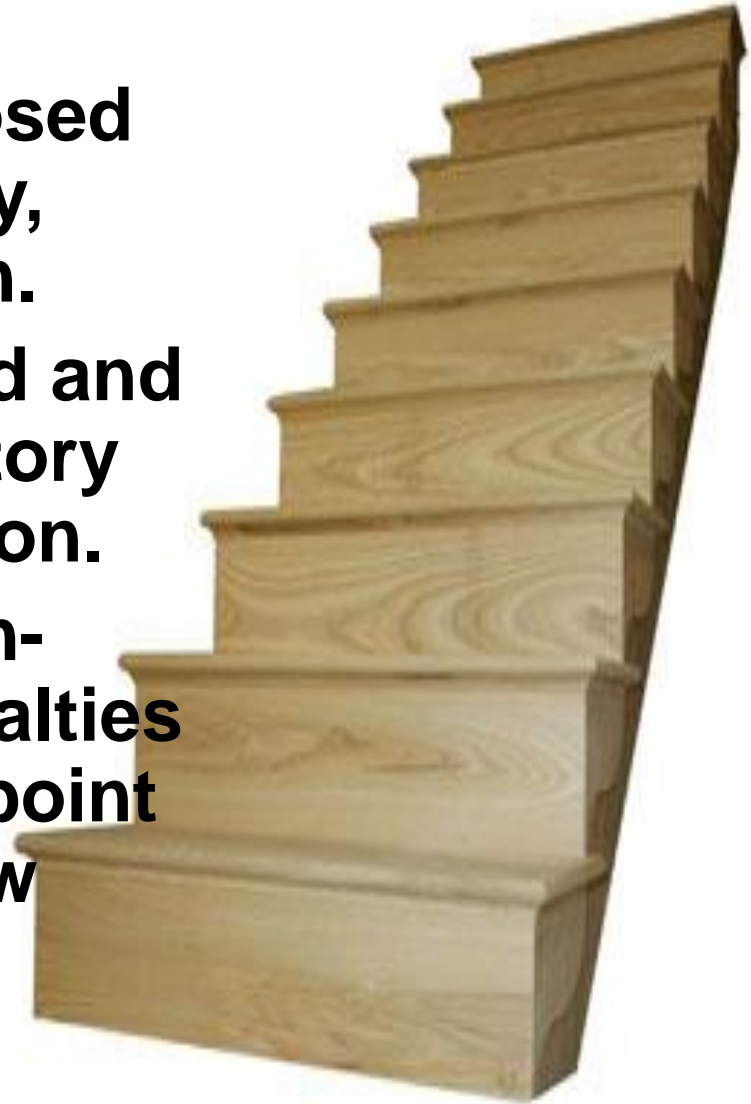
AMPS is a civil penalty regime that secures compliance with customs legislation through the application of monetary penalties.



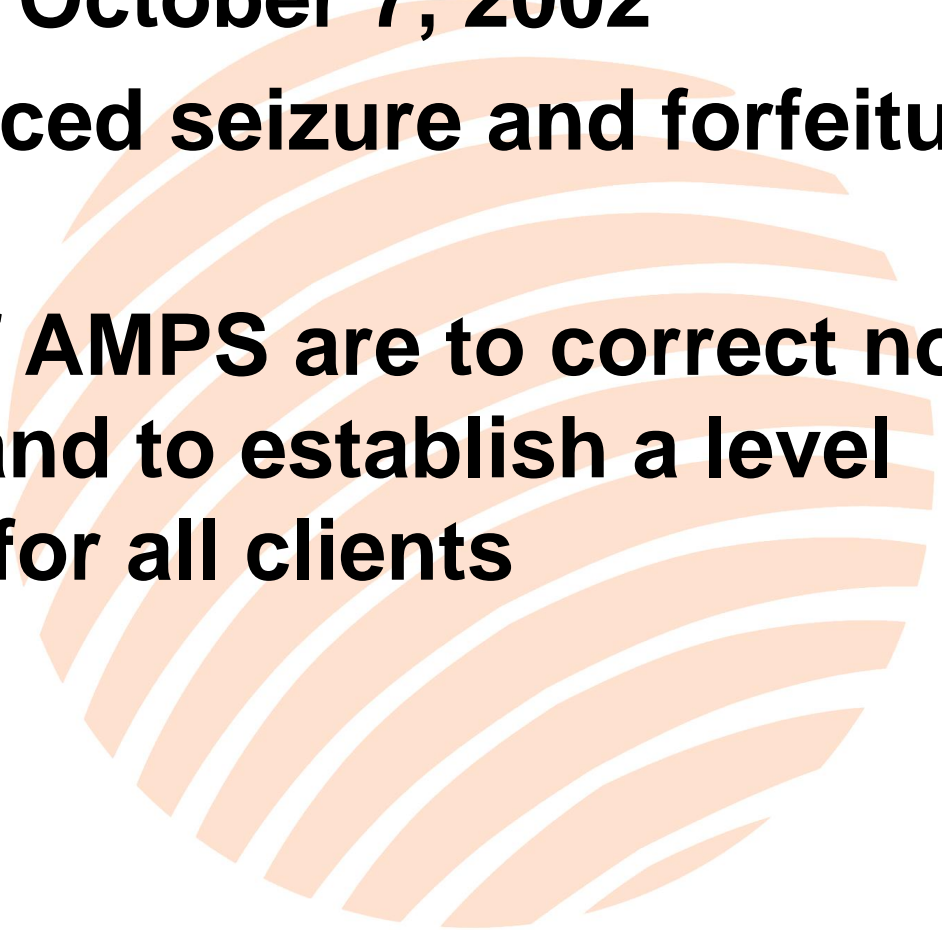
AMPS applies to contraventions of the *Customs Act* and the *Customs Tariff* and the regulations under these Acts

How are penalties structured?

- **Monetary penalties are imposed based on the type, frequency, and severity of the infraction.**
- **Most penalties are graduated and will take the compliance history of the client into consideration.**
- **Depending on where the non-compliance is detected, penalties may be issued at either the point of entry or at the audit review phase.**



History of AMPS

- **Implemented October 7, 2002**
 - **Largely replaced seizure and forfeiture of goods**
 - **Objectives of AMPS are to correct non-compliance and to establish a level playing field for all clients**
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MPD

- **The Master Penalty Document contains a numbered list of all the applicable penalties that may be issued under the AMPS regime.**
- <http://cbsa-asfc.gc.ca/trade-commerce/amps/am-rm-eng.pdf>

Master Penalty Document (Short Version)

No.	Legislation	Regulation	Contravention	Penalty Condition	Penalty Basis
C001	<i>Customs Act 2 (1.3)</i>		Person failed to keep electronic records in an electronically readable format for the prescribed period.	1st - \$1,000 2nd - \$5,000 3rd - \$10,000 4th + - \$25,000	Per Audit
C004	<i>Customs Act 7.1</i>		Person provided information to an officer that is not true, accurate and complete. When a <i>Special Import Measures Act (SIMA)</i> code was not completed correctly for goods imported seven days or more after a preliminary determination was made and after the importer was notified in writing, and ending when the SIMA action is terminated by the Canada Border Services Agency (CBSA) or the Canadian International Trade Tribunal (CITT).	1st - \$100 or 5% of VFD 2nd - \$200 or 10% of VFD 3rd + - \$400 or 20% of VFD	Value for Duty
C005	<i>Customs Act 7.1</i>		Person provided information to an officer that is not true, accurate and complete. The information required to be provided in any permit, certificate, licence, document or declaration in respect of imported or exported goods is incorrect.	1st - \$100 2nd - \$200 3rd + - \$300	Per Document
C008	<i>Customs Act 7.1</i>		Person (carrier) failed to use his authorized carrier code, or failed to present the letter of authorization when using another bonded carrier's code, or failed to provide a bar coded cargo control number.	1st - \$1,000 2nd - \$2,000 3rd + - \$3,000	Per Instance
C010	<i>Customs Act 9 (3)</i>		While transacting business as a customs broker, a broker failed to make available to an officer any records required to be kept under the Regulations.	1st - \$1,000 2nd - \$5,000 3rd - \$10,000 4th + - \$25,000	Per Request
C011	<i>Customs Act 9 (4)</i>		A person transacted or attempted to transact business as a customs broker, or held oneself out as a customs broker and did not hold a licence issued under the Regulations.	1st - \$1,000 2nd - \$5,000 3rd - \$10,000 4th + - \$25,000	Per Client
C012	<i>Customs Act 9 (4)</i>		Licensed customs broker transacted business as a customs broker at a customs office not specified by the licence.	1st - \$1,000 2nd - \$2,000 3rd + - \$3,000	Per Incidence
C014		<i>Customs Brokers Licensing Regulations 14 (c)</i>	Broker failed to provide the importer or exporter with a copy of the customs accounting documents or a copy of the information transmitted by electronic means to customs for each transaction made on their behalf.	1st - \$100 2nd - \$200 3rd + - \$300	Per Transaction

Who can be issued a penalty?

- Importers
- Exporters
- Carriers
- Freight Forwarders
- Customs Brokers
- CSA clients
- Bonded warehouses
- Duty free shops



Structure of a penalty

C071

Contravention	Person failed to provide required certificate, licence, permit or information before the goods are released.
Penalty	1st: \$100 2nd: \$500 3rd and Subsequent: \$1,000
Penalty Basis	Per Document
Regulation	<i>Accounting for Imported Goods and Payment of Duties Regulations, section 4</i>
D Memo	<i>D17-1-0, Accounting for Imported Goods and Payment of Duties Regulations</i>
Other References	D17-1-5, Importing Commercial Goods D19 Series - Acts and Regulations of Other Government Departments
Guidelines	Applied by an officer. Applied against the importer. This contravention applies when a person, fails to provide a permit, licence, certificate or other document and information that is required by Customs at time of interim or final accounting, and before the goods are released. Usually applied as a result of a post audit verification or when an officer uncovers an infraction. Apply a penalty for each missing document. In an audit situation, each penalty imposed during a first audit will be at the first level (\$100 each) and each penalty imposed during a second audit will be at second level (\$500 each). The same applies for the third audit where each penalty will be assessed at \$1,000. Although a penalty may be applied under this contravention all OGD admissibility requirements must be met prior to release. It is also possible that the OGD may have their own administrative monetary penalties.
Retention Period	12 months

NOTICE OF PENALTY ASSESSMENT

BROKER
PROTECTED when completed

Notice Date 2009-10-29	Penalty Assessment Number 92427	Penalty Amount \$1,000.00	Office Code 0602
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Client Customs Account Name/ Address
 PARADISE RV
 37417 HWY 2 SOUTH
 RED DEER AB T4E 1B3

Legal Name
 RED DEER RV COUNTRY LTD

Client Identifier
 869171439RM0001

Penalty Amount
 \$1,000.00



Reason for Penalty Assessment

C071 - On oct/19/09, it was determined that you did not provide required certificates, licences, permits or informations.
 Transaction no.12237190366467 on the edi 125 01 filter list
 C071 - Le ___/___/___, nous avons constaté que vous n'avez pas fourni les certificats, licences, permis ou renseignements requis.

1) Contravention C071

Contravention

Person failed to provide required certificate, licence, permit or information before the goods are released.

Legislative/Regulatory Authority

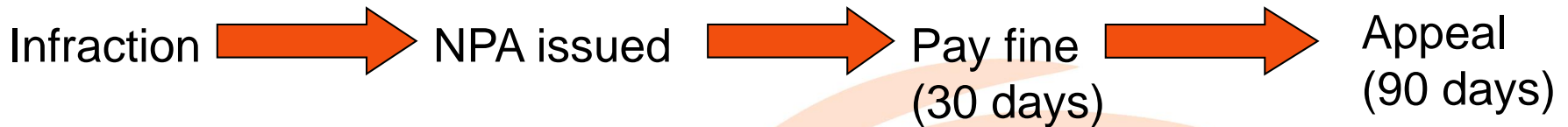
Accounting for Imported Goods and Payment of Duties Regulations 4

Penalty Calculation Information

Number of Documents:	1
Penalty Level:	3
Amount:	\$1,000.00

This is the third and / or subsequent assessment of this contravention during the retention period. You have been assessed at \$1,000 per document.

The penalty process



- CBSA keeps the AMPS Client Contravention History on file for a period of three years.
- Requests can be made for corrections within 30 days or redress (appeal) within 90 days
- To encourage compliance, it is Customs policy that when clients come forward to voluntarily disclose and correct their non-compliance, the AMPS penalties will not be issued.

AMPS statistics

- AMPS penalties account for one tenth of one percent (.1%) of all release requests.
- Importers account for 74% of all AMPS contravention volumes and 59% of penalty amounts.
- Carriers account for 21% of all AMPS contraventions and 30% of penalty amounts.
- 12% of all AMPS penalties issued were appealed, 4% successfully.
- Front-end or border related contraventions account for 73% of all contraventions volumes and 91% of penalty amounts.

AMPS National Statistics 2006 - 2008

Top 10 AMPS Contraventions

Code	Contravention	Total Volume	Penalty Amount
C336	Person failed to pay duties on accounted goods.	6,790	\$1,920,900
C005	Person failed to provide true, accurate and complete information.	4,962	\$677,900
C082	Importer failed to correct tariff classification within 90 days.	4,482	\$439,200
C084-C151	Importer failed to mark the goods as required.	2,541	\$229,300
C358	Person removed unreleased goods from customs office or sufferance warehouse.	2,070	\$6,292,537
C021	Carrier failed to report regular goods (\$1,600 or greater).	1,475	\$1,210,000
C353	Importer failed to pay duties as a result of a required correction - Valuation.	1,424	\$873,487
C071	Person failed to provide permit/certificate or information before goods released.	1,333	\$261,100
C018	Failure to transport passengers and crew to Customs office.	1,139	\$181,000
C315	Exporter failed to provide any export permit required.	1,045	\$2,565,000

Common Frontier penalties:

- Most costly penalty occurrence:

C360

Contravention	Person (Importer) failed to account for all imported goods valued at \$1,600 or greater at time of the release request.
Penalty	1st: \$2,000 or 20% of the value for duty, whichever is greater 2nd: \$4,000 or 40% of the value for duty, whichever is greater 3rd and Subsequent: \$6,000 or 60% of the value for duty, whichever is greater
Penalty Basis	Value for duty
Legislation	<i>Customs Act</i> , section 7.1
D Memo	D17-1-0, Accounting for Imported Goods and Payment of Duties Regulations
Other References	D17-1-5, Importing Commercial Goods Customs Enforcement Manual
Guidelines	Applied by an officer. Applied against the importer. Occurs when it is found during an examination of goods based on a referral of the release request (e.g. RMD, PARS, FIRST, B3), or as a result of a verification, that goods were not accounted for by the importer at time of interim accounting or presentation of a B3 prior to the release of the goods, at a customs office. Penalty applies on the portion of the shipment that was not accounted on the release request. Although a penalty may be applied under this contravention all OGD admissibility requirements must be met prior to release. OGDs may also apply their own administrative monetary penalties. For administrative type errors, see C005. For failure to account for imported goods valued at less than \$1,600 at time of release request, see C361.
Retention Period	12 months

Common Frontier penalties:

- Most frequently occurring penalty:

C071

Contravention	Person failed to provide required certificate, licence, permit or information before the goods are released.
Penalty	1st: \$100 2nd: \$500 3rd and Subsequent: \$1,000
Penalty Basis	Per Document
Regulation	<i>Accounting for Imported Goods and Payment of Duties Regulations</i> , section 4
D Memo	D17-1-0, <i>Accounting for Imported Goods and Payment of Duties Regulations</i>
Other References	D17-1-5, Importing Commercial Goods D19 Series - Acts and Regulations of Other Government Departments
Guidelines	Applied by an officer. Applied against the importer. This contravention applies when a person, fails to provide a permit, licence, certificate or other document and information that is required by Customs at time of interim or final accounting, and before the goods are released. Usually applied as a result of a post audit verification or when an officer uncovers an infraction. Apply a penalty for each missing document. In an audit situation, each penalty imposed during a first audit will be at the first level (\$100 each) and each penalty imposed during a second audit will be at second level (\$500 each). The same applies for the third audit where each penalty will be assessed at \$1,000. Although a penalty may be applied under this contravention all OGD admissibility requirements must be met prior to release. It is also possible that the OGD may have their own administrative monetary penalties.
Retention Period	12 months

Common Frontier penalties:

C274

Contravention	Person provided information to an officer that is not true, accurate and complete. Goods reported as arrived for customs processing when they are not arrived.
Penalty	1st: \$1,000 2nd: \$2,000 3rd and Subsequent: \$3,000
Penalty Basis	Per Instance
Legislation	<i>Customs Act</i> , section 7.1
D Memo	N/A
Other Reference	D17-1-4, Release of Commercial Goods; Appendix B, Mode Specific Time Frame for the Release of Goods
Guidelines	Applied by an officer. <ol style="list-style-type: none"> 1. Applied against the importer when a post arrival release request (i.e. RMD) is submitted prior to the authorized timeframes for the release of goods. <ul style="list-style-type: none"> • Applies if a RMD was submitted or transmitted by the importer or broker, despite the fact that the carrier had clearly indicated that the goods had not arrived by means of a future Estimated Time of Arrival (ETA). • In the case of an RMD, the importer / broker should supply customs with a copy of the cargo control document provided by the carrier. If the carrier did not indicate an ETA or provided an incorrect ETA for the arrival of the goods, the importer should not receive a penalty. • In the case of a release request (i.e., RMD) presented prior to the arrival, "per instance" pertains to "per transaction" that is submitted to customs by the importer or broker outside of the authorized timeframes regardless of the number of shipments attached to the RMD. 2. Applied against the sender of an RNS arrival message (i.e. sufferance warehouse operator or carrier) submitted prior to the authorized timeframes for the release of goods. <ul style="list-style-type: none"> • If an RNS arrival certification was transmitted, despite the fact that the carrier had clearly indicated that the goods have not arrived by means of a future ETA, the penalty would apply to the person who transmitted the arrival notice (in most cases the sufferance warehouse operator). • In the case of an RNS "arrival" message sent prior to the arrival, "per instance" pertains to each "cargo control number" that was transmitted to customs as "arrived" outside of the authorized timeframes by the carrier or sufferance warehouse operator. <p>In both the importer RMD submission and the RNS arrival situations outlined previously, the goods must either be at the customs office (i.e.</p>

C005

Contravention	Person provided information to an officer that is not true, accurate and complete. The information required to be provided in any permit, certificate, licence, document or declaration in respect of imported or exported goods is incorrect.
Penalty	1st: \$100 2nd: \$200 3rd and Subsequent: \$300
Penalty Basis	Per Document
Legislation	<i>Customs Act</i> , section 7.1
D Memo	D17-1-10, Coding of Customs Accounting Documents
Other Reference	D20-1-1, Export Reporting
Guidelines	Applied by an officer. The penalty can be applied against the person required to provide the information e.g. importer, exporter, carrier. It should only be applied when the error or omission in the information required is in relation to the admissibility, report or release of the goods. In the case of exports, the penalty will be applied against the exporter as they own the goods at the time of exportation. This contravention applies only in cases where the incorrect information materially affects the decision respecting admissibility or release of goods and there has been an error in the documentation that appears unintentional. For export violations, this penalty shall only apply when the export declaration, and / or export licence, permit or certificate submitted by the exporter contains errors or omissions. All mandatory fields on the B13A must be completed. Goods may be held if documentation is incomplete and an officer requires additional clarification and or information. Although a penalty may be applied under this contravention all OGD admissibility requirements must be met prior to release. It is also possible that the OGD may have their own administrative monetary penalties. This penalty does not apply to certificates of origin. For untrue or false information in documentation, see C348. Also see: For Export Summary Reporting, see C317. For Certificate of Origin of Goods Exported to a Free-Trade Partner, see C194. For CSA Application, see C234.

Module 1: Summary

- Evaluation
- Review





Module 2: the progression of an AMPS



AMPS Case Study #1

- On Jan 13/10, cargo control number 8156504321654 was reported as arrived to CBSA at location 3176, under service option 257. The shipment was 1 carton @ 50#. The goods were glass fishbowls classified under tariff item 7013.99.00.93 with a value of \$1350.00 CAD. The shipper did not provide a NAFTA certificate, however the goods were manufactured in the US.
- The carton was picked up by UPS @ Exporters Anonymous on Jan 6/10 and entered into the UPS sort facility in Louisville on Jan 8/10. It was then scanned out for shipping on Jan 12/10 to All Canadian Imports and documents sent to the broker. The UPS website shows no further scans.
- On January 21/10 CBSA Winnipeg issued an AMPS penalty.
 - What penalty was issued?
 - What was the penalty amount?

AMPS Case Study #1

- Importer:
All Canadian Imports
123 Main St
Brandon, MB
R1R 1R1
Business Number:
123444555RM0001
- Shipper:
Exporters Anonymous
2000 Center Ave
Denver, CO
12345
Tax ID Number:
65-98745
- Carrier:
UPS
carrier code: 8156



AMPS Case Study #2

- Products Unlimited ordered a shipment of plush toys from Lots of Stuff on purchase order #plush800 on January 5/10. The shipment was packed in 20 boxes on 1 skid @ 700#. The toys were manufactured in China and classified as tariff item 9503.00.90.51. The MFN rate of duty is free. The value of the shipment was \$2400.00 CAD.
- All Freight picked up the skid from Lots of Stuff on January 14/10 and shipped it as LTL freight on cargo control #22AFPARS36912. The carrier is not a bonded carrier. Upon arrival at the border, CBSA performed a primary inspection of the LTL freight and the goods were found over. The shipment was delivered to Products Unlimited on January 18/10 and entered into their receiving system.
- On January 29/10, CBSA Sarnia issued an AMPS penalty.
 - What penalty was issued?
 - What was the penalty amount?

AMPS Case Study #2

- Importer:
Products Unlimited
999 1st Street
Brampton, ON
L2L 2L2
Business Number:
333456789RM0001
- Exporter:
Lots of Stuff
500 Broadway Ave
Detroit, MI
36912
Tax ID Number:
88-74125
- Carrier:
All Freight
carrier code: 22AF



AMPS Case Study #3

- Describe a potential circumstance/scenario that could prompt the following AMPS penalties:
 - C008
 - C152
 - C342
 - C360

