

Denied & Restricted Party Screening

“You’ve got to ask yourself one question: ‘Do I feel lucky?’”

– Dirty Harry

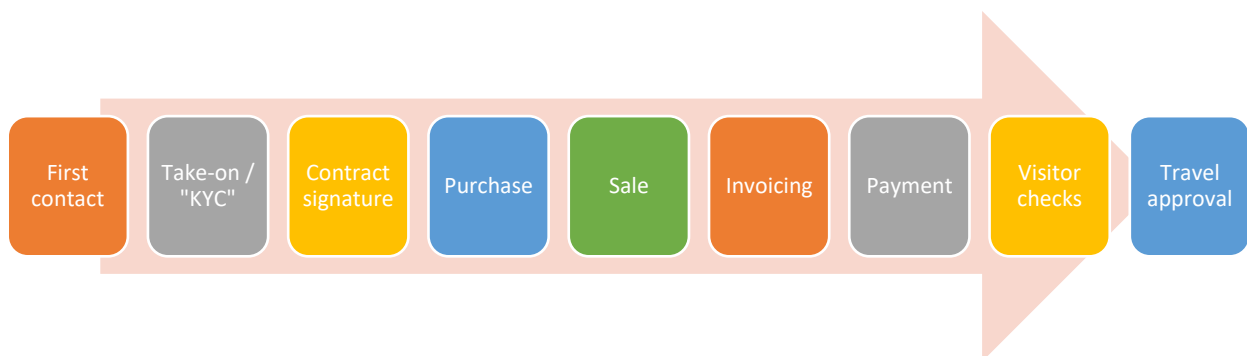
The importance of Denied & Restricted Party Screening is helping your company know who you are dealing with. Is your business partner reputable and legitimate, or are they a blacklisted? Without conducting appropriate due diligence, including screening, you are gambling on conducting a potentially illegal transaction and jeopardising your company’s reputation. Paypal, Travelex and numerous other companies have fallen foul of regulations across the globe, in part, to inadequate screening processes¹.

What is it?

Denied & Restricted Party Screening is a process that is used to determine whether any potential business partners, persons or entities, are contained within certain black lists which either prohibit or require licences for certain activities relating to these parties. Though usually associated with export controls, Denied & Restricted Party Screening is a requirement for all businesses and not just those who deal with controlled products/technology or sanctioned destinations. For example, name-brand drinks distributors, pharmaceutical manufacturers and snack goods manufacturers implement screening programmes.

**All businesses must
conduct Denied &
Restricted Party
Checks**

This type of screening, which can be referred to as Denied Party Screening, Restricted Party Screening, Sanctioned Party Screening, Trade Party Screening, Trade Restriction List Screening, Debarred Party Screening, or any combination thereof, is normally conducted prior to several gateways of business activities such as:



¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/804021/Travelex_monetary_penalty.pdf, https://www.treasury.gov/resource-center/sanctions/CivPen/Documents/20150325_paypal.pdf

Who is it for?

This screening process is not just for customers and suppliers, but for all (potential) business partners and contacts such as banks, insurance providers, agencies, visitors, etc for all transactions/business activities and not just international transactions – domestic transactions could be potentially controlled as well as these persons and entities are located around the world, sometimes including down the road. Denied & Restricted Party Screening should not to be confused with credit checks or other financial checks.

There are hundreds of various lists and they can come from international organisations such as the UN and World Bank, or from national governments. Persons and entities are blacklisted for various reasons and the parties can vary from list to list depending on the related national security and foreign policy priorities. Keep in mind that these lists are updated and amended frequently with additions, amendments and deductions.

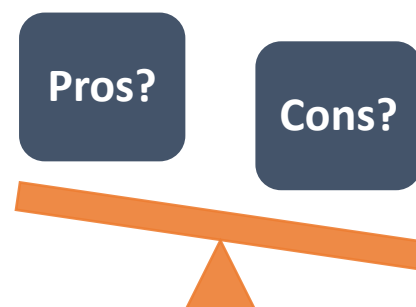
How do I deal with the
“50% Rule”?

To make the screening process even more complicated, many regulations associated with the lists also implement the “50% rule”, meaning that any person or entity with 50% or greater ownership of a listed entity are also caught by the list’s controls. Therefore, in addition to the various lists, companies will need to utilise an Ultimate Beneficial Ownership tool to understand ownership structures, which can be more difficult to determine in certain countries around the world.

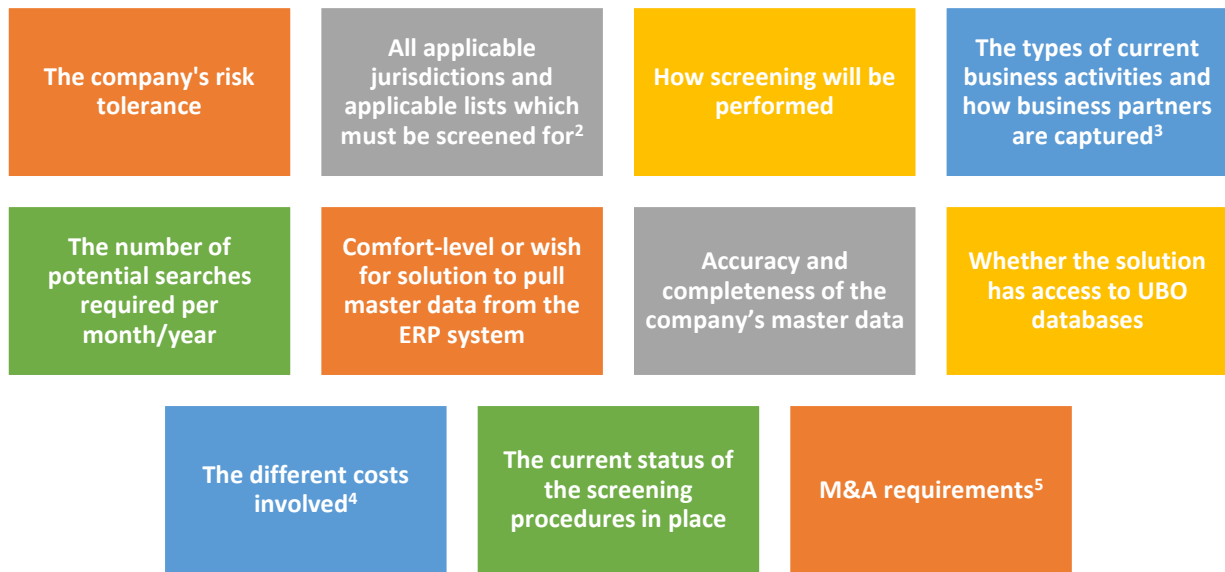
How does my company manage this?

Due to the number of potential lists companies must search, the number of searches that would be required to be conducted and the potential for human error many companies source and implement screening solutions. These solutions replace the “Control+F” type of activity which is impractical for personnel to manage.

There are different types of screening solutions on the market which range from comprehensive Google-type searches all the way up to integrated ERP modules. Each type of solution has pros and cons which should be analysed as well as the cost versus benefit. The costs of these solutions also vary widely and should be carefully considered – the most expensive does not always equate to the best for your company but along the same lines picking the cheapest solution may not be the more efficient choice due to the potential manpower time required to make it fit for your individual purpose.



There is no “one size fits all” screening solution. Each company should analysis several factors to understand which solution will be the best fit, including:



How can Customs Connect help?

Whether companies are looking at implementing a screening solution for the first time or are re-evaluating whether there is a better tool than the current one in use, there are many factors that should be analysed during the solution tendering process. Just like when selecting a new appliances or financial products, it can be more helpful to have an independent party to assist with the suitability analysis, as well as the implementation, to ensure that you are getting the most effective and efficient solution and implementation as possible. **We are an independent and impartial advisor with industry experience of screening solution implementation – no wasted time, resources or budgets.**

At Customs Connect, we assist companies to:

- Conduct the pre-tender analysis to determine solution requirements,
- Conduct the tender process (draft bid requirements, arrange demonstrations, and compare proposals),
- Monitor the implementation and draft associated procedures, and
- Provide ad-hoc trade compliance advice for various queries as they arise during the process.

If you are interested in learning more about Denied & Restricted Party Screening or how we could assist you, please email alexandra.turner@customsconnect.co.uk or give us a call on +44 (0)845 519 0878.

² Some companies are subject to multiple jurisdictions simultaneously or take the approach to screen all lists for the jurisdictions of operation and apply the results globally.

³ This could determine whether ad-hoc, batch and/or dynamic screening solutions are most appropriate.

⁴ I.e. implementation, subscription, updates, aftercare, additional lists, etc.

⁵ M&A plans and strategy could affect the decision of which tool can be rolled out most effectively and efficiently.