

which the customer appears to have no legitimate need (e.g., there is no indication of prior authorized shipment of system for which the parts are sought).

(O) Customer is known to have, or is suspected of having unauthorized dealings with parties and/or destinations in ineligible countries.

(ii) When any of the above characteristics have been identified, but through follow-up inquiries or investigation have not been satisfactorily resolved, the consignee should not transact any business with the customer under the SCL. Apply for a license according to part 748 of the EAR. You should explain the basis for the concern regarding the proposed customer, and state that you are an SCL consignee. Also, cite the SCL number, and your consignee number;

(14) A system for assuring compliance with controls over exports and reexports for missile-related end-uses and end-users described in §744.3 of the EAR;

(15) A system for assuring compliance with control over exports and reexports of chemical precursors and biological agents and related items and end-uses described in §§742.2 and 744.4 of the EAR;

[61 FR 12835, Mar. 25, 1996, as amended at 62 FR 25466, May 9, 1997]

§ 752.12 Recordkeeping requirements.

(a) *SCL holder and consignees.* In addition to the recordkeeping requirements of part 762 of the EAR, the SCL holder and each consignee must maintain copies of manuals, guidelines, policy statements, internal audit procedures, reports, and other documents making up the ICP of each party included under an SCL. Also, all parties must maintain copies of the most current Denied Persons List (see Supplement No. 2 to part 764 of the EAR) as well as all updates, and all other regulatory materials necessary to ensure compliance with the SCL, such as relevant changes to the EAR, product classification, additions, deletions, or other administrative changes to the SCL, transmittal letters and consignee's confirmations of receipt of these materials.

(b) *Consignees.* All consignees must retain all records of the types of activities identified in §752.2(a)(3) of this

part. Records on such sales or reexports must include the following:

(1) Full name and address of individual or firm to whom sale or reexport was made;

(2) Full description of each item sold or reexported;

(3) Units of quantity and value of each item sold or reexported; and

(4) Date of sale or reexport.

§ 752.13 Inspection of records.

(a) *Availability of records.* You and all consignees must make available all of the records required by §752.12 of this part and §762.2 of the EAR for inspection, upon request, by BXA or by any other representative of the U.S. Government, in accordance with part 762 of the EAR.

(b) *Relationship of foreign laws.* Foreign law may prohibit inspection of records by a U.S. Government representative in the foreign country where the records are located. In that event, the consignee must submit with the required copies of Form BXA-752 an alternative arrangement for BXA to review consignee activities and determine whether or not the consignee has complied with U.S. export control laws and regulations, which must be approved by BXA.

(c) *Failure to comply.* Parties failing to comply with requests to inspect documents may be subject to orders denying export privileges described in part 764 of the EAR or to the administrative actions described in part 766 of the EAR.

§ 752.14 System reviews.

(a) *Post-license system reviews.* BXA may conduct system reviews of the SCL holder as well as any consignee. Generally, BXA will give reasonable notice to SCL holders and consignees in advance of a system review. The review will involve interviews with company officials, the inspection of records, and the review of ICPs. BXA may conduct special unannounced system reviews if BXA has reason to believe an SCL holder or consignee has improperly used or has failed to comply with the SCL.

(b) *Other reviews.* BXA may require an SCL holder or consignee to submit to its office a list of all sales made