

Transaction Due Diligence Checklist

This checklist serves as a guide for performing transaction due diligence inquiries when preparing to enter into a business activity or transaction with another person or entity. The actions listed represent a portion of the recommended minimum activities for U.S. entities to undertake to avoid engaging in prohibited transactions or with prohibited entities, but it is not exhaustive. Each transaction is unique, and the legitimacy of the business activities and parties involved must be carefully examined in accordance with the laws and regulations that will apply to that transaction. It is highly recommended that you engage qualified trade professionals and legal counsel to determine the appropriate due diligence to undertake for your business transactions.

Torres Law companion practice guide, *Transaction Due Diligence*, provides details regarding the regulatory requirements each U.S. business is obligated to comply with in daily business activities. See also Torres Law practice guides *Red Flag Identification; Sanctions, Embargoes and Boycotts Guidance*; and, *Guide to Denied Party Lists* available in the Mondaq Advice Centre.

Transaction Information		
<p>Transaction Type / Description</p> <p><i>Enter a description of the type of transaction here. Export transaction, services transaction, financial transaction, etc. Provide some details describing the general nature of the transaction.</i></p> <p><i>For export transactions, describe the item, technical data/technology, or service being exported.</i></p>		
<p>Transaction Parties</p> <p><i>List all individuals and entities named as parties to the transaction and describe their role in the transaction. For example: Seller, Purchaser, Lender, Freight Forwarder, Service Provider, Vendor, Manufacturer, etc. List full legal names of all parties and full addresses.</i></p> <p><i>For export transactions, record the End User (if different from the Purchaser).</i></p>		
Check	Date	Know Your Counterparty Checks
<input type="checkbox"/> Complete		Perform an internet search of all individuals and entities named as parties to the transaction.
<input type="checkbox"/> Yes <input type="checkbox"/> No		Does the search produce evidence that supports a legitimate business or entity?
<input type="checkbox"/> Yes <input type="checkbox"/> No		Does the search confirm the addresses of all parties?

<input type="checkbox"/> Yes <input type="checkbox"/> No		Does the entity's advertised purpose seem consistent with the proposed transaction type?
Check	Date	Prohibited / Restricted Party Screening
<input type="checkbox"/> Complete		Perform screening on all parties to the transaction against the U.S. government lists of prohibited and restricted entities. <i>See companion Transaction Due Diligence Practice Guide and Guide to Denied Parties Lists for additional information on screening lists.</i> Consolidated Screening List
Check	Date	Unlawful Sanction / Boycott Screening
<input type="checkbox"/> Yes <input type="checkbox"/> No		Are there any indications that any party to the transaction is requesting an embargo or boycott? <i>See Unlawful Boycott Examples for reference.</i>
Check	Date	Export Transaction Screening
<input type="checkbox"/> Yes <input type="checkbox"/> No		To the best of your knowledge and belief, are any parties involved in or facilitating the transaction (e.g., vendors, freight forwarders, brokers, etc.) incorporated in an embargoed country, owned by a national of an embargoed country, or owned by the government of an embargoed country?
<input type="checkbox"/> Yes <input type="checkbox"/> No		Is the Country of Ultimate Destination Cuba, Iran, Syria or North Korea? <i>U.S. exporters are prohibited in participating in any transactions, directly or indirectly, with, to or benefitting the above-listed countries without first securing a license from the U.S. Government. See OFAC Sanctions for additional sanctions information.</i>
<input type="checkbox"/> Yes <input type="checkbox"/> No		Does the proposed shipping route for delivery of commodities involve any intermediary stops in other countries to alter packaging, consolidate with other shipments, or additional manufacturing or assembly; or, any transshipment through other countries?

<input type="checkbox"/> Yes <input type="checkbox"/> No		<p>Is a Government authorization required for the export?</p> <p><i>A qualified Trade Compliance professional or legal counsel should be consulted to make this determination. If an authorization is required, Stop/Hold the transaction until authorization is received.</i></p>
Red Flags		
<input type="checkbox"/> Yes <input type="checkbox"/> No		<p>Was any negative or suspicious information discovered during the transaction review?</p> <p><i>If yes, consider that a “Red Flag” – Stop/Hold the transaction, review the information, and determine what next steps are appropriate to either clear the Red Flag or suspend the transaction.</i></p>