

*Form Number:* ATF F 5220.3.  
*Type of Review:* Extension.  
*Title:* Inventory—Export Warehouse Proprietor.

*Description:* ATF F 5220.3 is used by export warehouse proprietors to record inventories that are required by law and regulations.

*Respondents:* Business or other for-profit.

*Estimated Number of Respondents:* 10.

*Estimated Burden Hours Per Respondent:* 5 hours.

*Frequency of Response:* On occasion.  
*Estimated Total Reporting Burden:* 50 hours.

*OMB Number:* 1512-0185.  
*Form Number:* ATF F 5400.5.  
*Type of Review:* Extension.

*Title:* Report of Theft or Loss of Explosives.

*Description:* Losses or theft of explosives must, by statute, be reported within 24 hours of the discovery of the loss or theft. This form contains the minimum information necessary for ATF to initiate criminal investigations.

*Respondents:* Business or other for-profit.

*Estimated Number of Respondents:* 150.

*Estimated Burden Hours Per Respondent:* 1 hour, 48 minutes.

*Frequency of Response:* On occasion.  
*Estimated Total Reporting Burden:* 270 hours.

*OMB Number:* 1512-0493.  
*Form Number:* ATF F 5300.3.

*Type of Review:* Extension.  
*Title:* Letterhead Request for Information in Regard to Federal Firearms Dealer's Records (Dealer's Records of Acquisition, Disposition & Supporting Data).

*Description:* This letter gives the user a simplified format to list the required information ATF needs to perform its functions in regard to the law. The respondent saves time because the questions are simple and a return address is supplied. The form is used to maintain a current status of firearms licensees.

*Respondents:* Business or other for-profit.

*Estimated Number of Respondents:* 28,000.

*Estimated Burden Hours Per Respondent:* 5 minutes.

*Frequency of Response:* On occasion.  
*Estimated Total Reporting Burden:* 2,380 hours.

*OMB Number:* 1512-0549.  
*Form Number:* ATF F 6330.1.  
*Type of Review:* Extension.  
*Title:* Application for National Firearm Examiner Academy.

*Description:* The Office of Training and Professional Development at ATF has developed a new training program for entry level firearm and toolmark examiners. The application will allow ATF to process eligible candidates.

*Respondents:* State, Local or Tribal Government, Federal Government.

*Estimated Number of Respondents:* 75.

*Estimated Burden Hours Per Respondent:* 10 minutes.

*Frequency of Response:* On occasion.  
*Estimated Total Reporting Burden:* 13 hours.

*OMB Number:* 1512-0571.  
*Form Number:* ATF F 5330.20.

*Type of Review:* Extension.  
*Title:* Certificate of Compliance with 18 U.S.C. 922(g)(5)(B).

*Description:* This information collection is needed in order to verify that nonimmigrant aliens are in compliance with applicable importation laws and regulations.

*Respondents:* Individuals or households.

*Estimated Number of Respondents:* 3,000.

*Estimated Burden Hours Per Respondent:* 3 minutes.

*Estimated Total Reporting Burden:* 150 hours.

*Clearance Officer:* Jacqueline White, (202) 927-8930, Bureau of Alcohol, Tobacco and Firearms, Room 3200, 650 Massachusetts Avenue, NW., Washington, DC 20226.

*OMB Reviewer:* Joseph F. Lackey, Jr., (202) 395-7316, Office of Management and Budget, Room 10235, New Executive Office Building, Washington, DC 20503.

**Mary A. Able,**

*Departmental Reports Management Officer.*  
 [FR Doc. 02-24630 Filed 9-26-02; 8:45 am]

**BILLING CODE 4810-31-P**

## DEPARTMENT OF THE TREASURY

### Customs Service

#### Announcement of Paperless Drawback Prototype Test

**AGENCY:** Customs Service, Department of the Treasury.

**ACTION:** General notice.

**SUMMARY:** This notice announces Customs plan to conduct a prototype test to determine the feasibility of filing paperless drawback claims. The Paperless Drawback prototype will provide for a "paperless" process that allows approved participants to electronically file drawback claims using the Automated Broker Interface of

Customs Automated Commercial System. The Paperless Drawback prototype is limited to drawback claims filed at the New York/Newark Drawback Center. This notice invites public comment concerning any aspect of the planned prototype, informs interested members of the public of the eligibility, procedural and documentation requirements for voluntary participation in the Paperless Drawback prototype, and outlines the evaluation methodology to be used in the test.

**DATES:** Drawback claimants who wish to participate in the Paperless Drawback prototype must submit applications to Customs no later than October 28, 2002. The Paperless Drawback prototype will commence no earlier than August 1, 2002, and will run for approximately one year with a final evaluation taking place at the end of the first year.

**ADDRESSES:** Written comments regarding this notice, and prototype applications, should be addressed to the U.S. Customs Service, Entry and Drawback Management Branch, 1300 Pennsylvania Avenue, NW., Room 5.2-33, Washington, DC 20229.

**FOR FURTHER INFORMATION CONTACT:** Questions pertaining to any aspect of this prototype should be directed to Sherri Lee Hoffman, U.S. Customs Service, Entry and Drawback Management Branch, at (202) 927-0300 or via email at [sherri.lee.hoffman@customs.treas.gov](mailto:sherri.lee.hoffman@customs.treas.gov).

#### SUPPLEMENTARY INFORMATION:

##### Background

*Paperless Drawback: Planned Component of the National Customs Automation Program (NCAP)*

Title VI of the North American Free Trade Agreement Implementation Act (the Act), Public Law 103-182, 107 Stat. 2057 (December 8, 1993), contains provisions pertaining to Customs Modernization (107 Stat. 2170). Subpart B of title VI of the Act concerns the National Customs Automation Program (NCAP), an electronic system for the processing of commercial importations.

Within subpart B, section 631 of the Act added section 411 to the Tariff Act of 1930 (19 U.S.C. 1411-1414), which defines the NCAP, provides for the establishment of and participation in the NCAP, and includes a list of existing and planned components. Section 411(a)(2)(F) identifies the electronic (*i.e.*, paperless) filing of drawback claims, records or entries as a planned NCAP component.

Section 101.9(b) of the Customs Regulations (19 CFR 101.9(b)) provides for the testing of NCAP planned

components. The Paperless Drawback prototype is being tested in accordance with this provision.

#### *Description of Paperless Drawback Prototype*

The Paperless Drawback prototype provides for a "paperless" process that permits approved participants to electronically file drawback claims using the Automated Broker Interface (ABI) of Customs Automated Commercial System (ACS). Approved participants are encouraged to file drawback claims electronically at the New York/Newark Drawback Center where feasible; however, traditional "paper" drawback claims may also be filed by approved prototype participants where necessary.

The Paperless Drawback prototype will commence no earlier than August 1, 2002, and will run for approximately one year with a final evaluation taking place at the end of the first 12-months of the prototype.

At this time, the Paperless Drawback prototype is limited to drawback claims filed at the New York/Newark Drawback Center to permit Customs to assess the feasibility of filing electronic drawback claims on a nationwide basis. The Paperless Drawback prototype is also limited to the New York/Newark Drawback Center to assist Customs in processing the drawback claims that were lost on September 11, 2001, as a result of the destruction of the New York Customhouse located at 6 World Trade Center, without having to reconstruct each of those claims. It is noted that the New York/Newark Drawback Center will also continue to accept paper drawback claims.

Prototype participants are permitted to electronically file through ABI all the information that is required for traditional drawback claims pursuant to part 191 of the Customs Regulations (19 CFR part 191). In addition, participants will be required to provide Customs with specific information as to the "earliest export date" (*i.e.*, the date of the first export in a given claim). Submission of "earliest export date" data is necessary in a paperless environment to enable ACS to determine whether the drawback claim is timely (*i.e.*, whether the earliest export date falls within the prescribed regulatory time limits for filing a drawback claim).

Customs will spot check claims for valid export information as necessary and prototype participants remain subject to audit by Customs Regulatory Audit Division.

#### *Objectives of Paperless Drawback Prototype*

Customs objectives in conducting the Paperless Drawback prototype test are as follows:

- (1) Reduce/eliminate need to reconstruct paper drawback claims for the drawback unit that was destroyed at 6 World Trade Center, New York, and moved to Newark;
- (2) Assess feasibility of filing electronic drawback claims on a nationwide basis; and
- (3) Reduce space necessary to retain records.

#### *Eligibility Requirements*

To be eligible to participate in the Paperless Drawback prototype a candidate must be:

- (1) Approved to use ABI (19 CFR 143.3);
- (2) Approved to use Accelerated Payment (19 CFR 191.92);
- (3) Approved for waiver of Prior Notice of Intent to Export, Destroy or Return Merchandise for Purposes of Drawback (19 CFR 191.91); and
- (4) Able to use the Export Summary Procedure (19 CFR 191.73).

#### *Application Procedure*

Written applications from drawback claimants who wish to participate in the Paperless Drawback prototype must be received by Customs no later than October 28, 2002. Customs brokers must file a separate application for each claimant that they wish to submit paperless drawback claims for under this prototype. Applications should be submitted to U.S. Customs Service, Entry and Drawback Management Branch, 1300 Pennsylvania Avenue, NW., Room 5.2-33, Washington, DC 20229. Customs will issue written notification to applicants who are selected to participate in the Paperless Drawback prototype. It is noted that participation in the Paperless Drawback prototype is not confidential, and that lists of participants will be made available to the public.

Paperless Drawback prototype applications must include the following information:

- (1) Company name, address, telephone number, facsimile number, email address (if applicable), and point of contact.
- (2) Name of Client Representative assigned to company for ABI;
- (3) Anticipated number of claims that will be processed during the one-year period of the prototype;
- (4) Types of drawback claims that will be filed (*i.e.*, pursuant to 19 U.S.C. 1313(a), 1313(b), 1313(c), 1313(j)(1), 1313(j)(2) or 1313(p));

- (5) A brief statement describing the nature of the drawback operation;
- (6) A statement describing all records to be maintained, address of document retention site, and name of designated recordkeeping contact; and,
- (7) A statement describing how the applicant's business records substantiate the subject drawback claim, as per the statute and regulations.

#### *Recordkeeping Requirements*

The following lists offer examples of business records that are used to support different types of drawback claims. The lists are not comprehensive, and are offered as general guidelines as to the types of documentation that may prove useful for purposes of substantiating a drawback claim. Prototype participants are advised to consult the Customs Drawback Informed Compliance publication for guidance as to the types of documents that are to be maintained for each type of drawback claim. This publication is available to the public on the Customs website, at [www.customs.treas.gov](http://www.customs.treas.gov). It is further noted that participants in the Paperless Drawback prototype remain subject to the applicable recordkeeping requirements set forth in the regulations.

Claimant records must identify the merchandise or event or, in the alternative, the claimant must be able to establish, to Customs satisfaction, a clear link between the record and the merchandise or event.

#### *Records Establishing Importation and Receipt of Imported Merchandise*

The following records may be used to establish importation and receipt of imported merchandise:

- (1) Customs import documents such as the Customs Form (CF) 7501 (Entry Summary) or a certificate of delivery supporting the receipt of imported merchandise;
- (2) Purchase orders or contract of purchase, invoices, packing lists, vendor confirmations;
- (3) Accounts payable, disbursements, letters of credit, payment documents;
- (4) Receipts, inventory records, perpetual or physical transaction log, stores control; and
- (5) Import bills of lading, delivery records from point of import to plant.

#### *Records Establishing Manufacture or Production (19 U.S.C. 1313(a) and (b))*

The following records may be used to establish manufacture or production:

- (1) Inventories for raw materials, work in process, finished goods or, in certain large assembly operations, a comprehensive inventory control

system where receipt and shipment of the product are shown by receiving and shipping documents. The inventory records should include references that are traceable to both the source of the material and the material's destination. Use is shown by a bill of materials that identifies the raw materials required, the raw materials withdrawals showing the materials that were "used in" or "appear in" the finished goods, the labor routing or travelers that show which department performed the manufacturing operation, and finished goods inventory reduction which shows that those goods were withdrawn from inventory. Due care must be used to maintain evidence (*i.e.* the bills of material must be dated and current) and inventories must be reconciled periodically;

(2) Bills of material, formulas, scrap or waste records (to the extent that the claimant can show that the bill of materials or formula demonstrates manufacture or production of the manufactured article in question);

(3) Job or work orders, inventory picks, travelers, serial or lot number control records, particularly in the case of subsection 1313(a) direct identification manufacturing drawback;

(4) Inventory methodologies (*e.g.*, inventory turnover rates or "turns," FIFO (first-in, first-out)), or other inventory identification methods as provided in 19 CFR 191.14); and

(5) Stores requisition, work in process records showing that production occurred.

#### Records Establishing Substitution (19 U.S.C. 1313(b) and (k))

Records must be retained that establish that the imported and substituted merchandise were of the same kind and quality for purposes of subsections 1313(b) and 1313(k) (the imported and substituted merchandise were commercially interchangeable for purposes of subsection 1313(j)(2), or the qualified article and the exported article were of the same kind and quality for purposes of subsection 1313(p)).

Records for these categories of merchandise must describe the compared goods with adequate specificity to ensure that the requirements for substitution are met. Generally, these records should reflect and be related to the particular requirement for substitution. For example, for commercial interchangeability drawback under subsection 1313(j)(2), the factors to be considered include, but are not limited to, Governmental and recognized industrial standards, part numbers, tariff classification, and value. *See* 19 CFR

191.32 (c). Therefore, the records retained in conjunction with a commercial interchangeability drawback claim should reflect the aforementioned specifications for the imported and substituted merchandise. Additionally, any other records relating to commercial interchangeability should be retained, and may include such items as:

(1) Certifications regarding grade, specification, and content (*i.e.*, Government certifications for the USDA or FDA, or industry/independent certifications such as weighers or gaugers);

(2) Sales contracts, customer purchase order specifications, commercial invoices, inventories;

(3) In-house lab reports, engineering specifications;

(4) Bills of material, description of the manufacturing process, flow charts for the manufacturing process (for substitution drawback pursuant to subsection 1313(b)); and

(5) Import entry documentation (Entry and Entry Summary) and export documentation (Shipper's Export Declaration (SED)).

#### Records Establishing Use (1313(j))

Records must show that the imported merchandise or the commercially interchangeable substituted merchandise, under subsection 1313(j), has not been used in the United States before exportation or destruction. Records for this purpose may include inventories, material requisitions, travelers or labor routing sheets or other material movement documents, or other records that show that the claimed merchandise was not used prior to exportation or destruction. For example, records of receipt into a storage warehouse and withdrawal from that storage warehouse could establish evidence of non-use.

#### Records Establishing Non-conformance, Shipped Without Consent, or Defect (1313(c))

These records are used to show that the imported merchandise did not conform to sample or specifications, was shipped without the consent of the consignee, or was determined to be defective as of the time of importation. Because no substitution is provided under this subsection, merchandise must be traceable to receipts, inventory or other accounting records and exports must be correlated with imports.

Records establishing non-conformance, shipped without consent or defect may include:

(1) A signed agreement between the importer and the foreign supplier that

the imported merchandise was defective at the time of importation;

(2) Purchase orders, contracts, sales confirmations, and specifications (in each case, linked to the specifications of the merchandise); and

(3) A signed statement from the consignee attesting to the fact that the merchandise had been shipped without consent.

#### Records Establishing Exportation

Records used to show exportation must include one or more items from item 1 below, and be reconcilable with some of the items listed in items 2 through 4, below. To establish that particular merchandise was exported, a paper trail is needed to trace the merchandise from the finished goods or other inventory to the vessel, air carrier, or land carrier that actually takes the merchandise out of the U.S. The trail must include a bill of lading or other document that is issued by the exporting carrier, or other third party such as foreign Customs, and include time and fact of exportation. Generally, a bill of lading will reference an invoice or other document that can be traced to withdrawal of the goods from the claimant's inventory.

(1) An originally signed bill of lading, air or freight waybill, Canadian Customs manifest, cargo manifest, notice of foreign trade zone transfer, foreign Customs document, landing certificate, delivery record from plant to export, captain's loading ticket, loading report, shipping release, or certified copies thereof. *See* 19 CFR 191.72;

(2) Sales invoice, packing list, customer purchase order/sales contracts;

(3) Receivables, cash receipts; and

(4) Warehouse withdrawals, inventory pick lists, finished goods inventories, transaction log.

#### Records for Destruction

Records must specifically identify the merchandise or articles destroyed. As with exportation, to support the destruction of a particular item a paper trail is needed to trace the item from the finished goods or other inventory to the place of actual destruction. The trail must include documents of transfer, receipt, and transportation (including inventory withdrawals and/or financial records that can be related to the destroyed merchandise or articles), and must include the time and fact of destruction.

Records establishing destruction may include:

(1) Affidavits from disinterested third parties, such as wrecking companies and landfill operators, attesting as to

what they witnessed (e.g., goods were crushed and then ground up into one inch diameter pebbles") or whatever the actual destruction process was and what happened to any residue or remainder (e.g., buried or incinerated);

(2) Photographs of the destruction to accompany affidavits; and

(3) Reports from other Government agencies (e.g., EPA, certifying destruction).

#### *Denial of Application to Participate in Paperless Drawback Prototype*

Customs will issue written notification to any party whose application to participate in the Paperless Drawback prototype is denied. The written notice will set forth the reasons for the denial and inform the applicant that the denial may be appealed within 30 days of the date of the notice.

The appeal should include substantiating documentation that establishes, to Customs satisfaction, that the alleged deficiencies that led to the denial did not occur or have been corrected. The appeal should be addressed to U.S. Customs, Trade Programs, Executive Director, 1300 Pennsylvania Avenue, NW., Room 5.2-33, Washington, DC 20229. Customs will issue a written determination to the applicant within 30 days of receipt of the appeal.

Applicants who are denied participation in the Paperless Drawback prototype who do not appeal, or applicants who have had an appeal denied, may reapply if Customs subsequently reopens the application period. Customs will publish a notice in the **Federal Register** announcing any subsequent reopening of the application period.

#### *Changes to Application Information*

Throughout the prototype period, participants must provide Customs with advance notification of any changes to the information provided in the application. This notification must be provided to Customs at least seven days before the effective date of a change and will be considered an amendment to the application. By written notice to the participant, Customs may reject such an amendment or suspend the party from further participation in the prototype.

#### *Misconduct Under Prototype*

All participants in the Paperless Drawback prototype are required to abide by the terms and conditions of this notice. A participant may be suspended from the prototype, subject to penalties and other administrative sanctions, and/or prevented from

participation in future prototypes if a participant fails to:

(1) Maintain a sufficient level of compliance;

(2) File accurate and timely data;

(3) Supply Customs with requested information;

(4) Cooperate fully in a Drawback Compliance Assessment, Focus Assessment or audit;

(5) Provide timely and accurate data and adequate resources in support of a Drawback Compliance Assessment, Focus Assessment or audit, or comply fully with the terms of a Compliance Improvement plan;

(6) Maintain sufficient continuous bond coverage; or

(7) Exercise reasonable care in following the Paperless Drawback prototype procedures and obligations outlined in this notice, including all other applicable laws and regulations.

#### *Suspension From Participation in Paperless Drawback Prototype*

Customs has the discretion to suspend a Paperless Drawback prototype participant based on the determination that an unacceptable compliance risk exists, or for misconduct as described in the "Misconduct Under Prototype" section of this notice. Except in the case of willfulness on the part of a prototype participant, or where public health, interest or safety is concerned, written notice of a proposed suspension will be issued by Customs to the participant on a prospective basis. The notice of pending suspension will set forth the reasons for the action. The participant may appeal such decision, in writing, within 15 days of receipt of Customs suspension notification. The appeal should include substantiating documentation that establishes, to Customs satisfaction, that the alleged deficiencies that led to the pending suspension did not occur or have been corrected. The appeal should be addressed to U.S. Customs, Trade Programs, Executive Director, 1300 Pennsylvania Avenue, NW., Room 5.2-33, Washington, DC 20229. Customs will issue a written determination to the participant within 30 days of receipt of the appeal. If no appeal is timely submitted, the suspension will go into effect as of the date set forth in the notice of suspension. If an appeal is timely submitted, Customs will hold the suspension in abeyance until such time as a written determination based on the appeal has been issued.

#### *Prototype Evaluation*

Participation in the Paperless Drawback prototype is not deemed confidential information. Lists of

participants and evaluation results will be made available to the public by means of the Customs Electronic Bulletin Board and the Customs Administrative Message System, and upon written request. Also, upon conclusion of the prototype, the final results will be published in the **Federal Register** and the Customs Bulletin and reported to Congress.

Dated: September 24, 2002.

**Jayson P. Ahern,**

*Assistant Commissioner, Office of Field Operations.*

[FR Doc. 02-24589 Filed 9-26-02; 8:45 am]

**BILLING CODE 4820-02-P**

## DEPARTMENT OF THE TREASURY

### Customs Service

#### **Modification and Clarification of Procedures of the National Customs Automation Program Test Regarding Reconciliation**

**AGENCY:** Customs Service, Treasury.

**ACTION:** General notice.

**SUMMARY:** This document announces modifications to the Customs Automated Commercial System (ACS) Reconciliation prototype test regarding NAFTA Reconciliation entries, the method for filing Reconciliation entries covering flagged entry summaries for which liquidated damages have been assessed, acceptance of compact disks for Reconciliation spreadsheets, and applicability to test participants of previously suspended regulatory provisions of part 111, Customs Regulations. Other than these modifications, the test remains the same as set forth in previously published **Federal Register** notices. The document also provides clarifications and reminders to test participants regarding certain other aspects of the test and announces the new address for Reconciliation submissions for the port of NY/Newark.

**DATES:** Effective as of January 27, 2003, the previously suspended regulatory provisions of part 111 of the Customs Regulations will be applicable to Reconciliation test participants. Effective as of December 26, 2002, are the following three Reconciliation test modifications: (1) Test participants who have flagged an entry summary for NAFTA Reconciliation must file a NAFTA Reconciliation entry to make a post-entry claim for NAFTA under 19 U.S.C. 1520(d); (2) where a test participant amends a timely filed NAFTA Reconciliation entry after it is returned by Customs for correction, the