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10 January 2014

**RULING REQUEST
19 CFR Part 177**

Thomas S. Winkowski
Acting Commissioner
**U. S. BUREAU of CUSTOMS
and BORDER PROTECTION**
c/o: Office of International Trade
Regulations and Rulings
1300 Pennsylvania Ave., NW
Washington, DC 20229.

Dear Mr. Winkowski:

This request relates specifically to 19 CFR §111.24 and an apparent conflict with the increasingly common practice of storing electronic data in the "cloud" and the storage, by a Customs Broker, of client data on third-party data servers located in remote sites, possibly on foreign soil (19 CFR §111.23).

AIRSCHOTT, INC. is a licensed Customs Brokerage firm, serving the public since 1977 and maintaining a high level of compliance with government Regulations as integral to its corporate business model. To date, AIRSCHOTT has held all client and company data, whether in paper or electronic form, securely within our own facilities: in file cabinets, on company computers and servers and/or on tape/disk back-up behind secured barriers. AIRSCHOTT has never "outsourced" the storage of client data. Furthermore, each year when the statutory requirement for retention of client (and company) data expires, AIRSCHOTT has carefully destroyed all files and records "on site", ensuring that no third party could gain access to client data in violation of the mandated "confidential" standard. We are a validated C-TPAT participant.

AIRSCHOTT is now confronted with a current business environment and apparently common practice in which greater functionality and efficiency and significantly lowered costs in data storage, processing and access can be achieved by having programs and data "hosted" on a "third party" vendor's server at a remote location. We are concerned that entrusting client data to a 3rd party for "safe keeping" might violate the requirements of 19 CFR §111.24. Our request seeks clarity on the circumstances under which a Customs Broker may engage in the lawful "cloud" storage of client data without breaching these requirements. We are aware that guidelines and Regulations have been provided for "Service Bureaus" at 19 CFR §143 but we have not seen where CBP has addressed this data storage issue. Are data storage companies "Service Bureaus"?

Our application software provider is an Australian company named CARGOWISE. Although we currently host all data and programs on our own servers, we are being encouraged by CARGOWISE to allow our data to be hosted on their servers based in the Chicago area with back-up maintained on servers in Great Britain.

This is a "prospective" transaction. Pursuant to 19 CFR 177.2(a)(5), we hereby certify that, to our knowledge, this issue has never been considered nor is it currently being considered by any Customs Officer nor by the United States Court of International Trade nor by any court of appeal therefrom. We respectfully request your expedited ruling letter in this matter in accordance with 19 CFR 177.2(d) as AIRSCHOTT's continued ability to access current application software and services depends upon this decision.

Our request: under what circumstances, if any, is "3rd party" hosting of a Customs Broker's client data acceptable? Must the 3rd party host establish and maintain certain standards? If so, what are those standards?

If any additional information or documentation relating to this request is required, please contact the undersigned.

Sincerely,

Robert J. Schott
President



Quality Management System Certified under quality assurance standards ISO 9002
for Customs Brokerage, Freight Forwarding, Trucking, Warehousing and Logistics

