
**OVERVIEW OF LEGAL ASPECTS OF INTERNATIONAL
TRANSACTIONS FOR SBA (WASHINGTON, D.C.)
INTERNATIONAL TRADE PROGRAM**

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Date: April 15, 2010

As with all credit transactions be they domestic or international, being knowledgeable as to the source of monies to repay extended credit is primary. This is particularly so with international transactions as payment for goods or services sold overseas should not be taken for granted nor should a lender be afraid of an international transaction.

Some basic questions:

1. What market is the bank's customer dealing with and what are its unique characteristics generally, and particularly in regard to any specific importer/purchaser?

2. Are there trade regulations which your customer should be aware of and if so, is it aware of them?

3. What due diligence should be performed by your customer before it enters into a transaction with an overseas customer?

4. What means does your customer have to protect itself from risks which exists and may arise from a single transaction or from an on-going relationship with its prospective overseas customer?
5. What is the nature of the transaction in regard to its amount, and the nature of documenting the transaction through just open account or through a contract and/or with promissory notes?
6. What are the essential documents which a bank should be knowledgeable about and what are particular terms that should be contained in those documents?
7. If the transaction is more than a single shipment providing for a single payment, are there any steps which an exporter can avail itself of during the term of its relationship with the foreign importer?
8. If there is a default in payment by the importer, what steps can be taken by the exporter to recover its defaulted payments?
9. What collection assistance is available to an exporter to recover an overseas debt?
10. Is litigation an option which should be considered by an exporter if a debt can not be recovered through amicable means?
11. In choosing an international collection agent, what capabilities and resources should this agent have?