



U.S. Customs and  
Border Protection

August 14, 2017

**PUBLIC VERSION**

**EAPA Case Number: 7189**

Lisa Young  
Aspects Furniture International, Inc.  
15345 Fairfield Ranch Rd., Suite 100  
Chino Hills, CA 91709

Re: Notice of initiation of an investigation and interim measures taken as to Aspects Furniture International, Inc. concerning evasion of the antidumping duty order on Wooden Bedroom Furniture from the People's Republic of China

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Dear Ms. Young,

This letter is to inform you that U.S. Customs and Border Protection (“CBP”) has commenced a formal investigation under Title IV, Section 421 of the Trade Facilitation and Trade Enforcement Act of 2015, commonly referred to as the Enforce and Protect Act (EAPA), for Aspects Furniture International, Inc. (“Aspects”). Specifically, CBP is investigating whether Aspects has evaded the antidumping duty order on Wooden Bedroom Furniture (“WBF”) from the People’s Republic of China (“China”), A-570-890, with its entries of merchandise into the United States. Because evidence establishes a reasonable suspicion that Aspects has entered merchandise into the United States through evasion, CBP has taken the interim measures described below.

Period of Investigation

Pursuant to 19 C.F.R. §165.2, entries covered by an EAPA investigation are those “entries of allegedly covered merchandise made within one year before the receipt of an allegation...” Further, “CBP may investigate other entries of such covered merchandise” at its discretion. Entry is defined as an “entry for consumption, or withdrawal from warehouse for consumption, of merchandise in the customs territory of the United States.” *See* 19 C.F.R. §165.1. American Furniture Manufacturers Committee

for Legal Trade (“AFMC”) filed the allegation on April 6, 2017, and supplemented it on April 17, 2017. On April 18, 2017, CBP acknowledged receipt of the properly filed allegation. Additionally, CBP was already reviewing Aspects’ entries, covering the entire calendar year of 2016, for potential evasion of AD duties before AFMC’s allegation was filed. Therefore, CBP will extend the scope of this investigation to align with that review and the entries covered by this investigation are those that entered for consumption, or withdrawals from warehouse for consumption, from January 1, 2016, through the pendency of this investigation.

### Initiation

On May 9, 2017, the Trade Remedy Law Enforcement Directorate (TRLED), Office of Trade, initiated an investigation under EAPA as the result of an allegation, submitted by AFMC, as to evasion of antidumping (AD) duties. AFMC alleged that Aspects is misreporting the identities of the actual producers of WBF on its entries in order to avoid the payment of AD duties.

The allegation outlines several factors supporting the initiation of an investigation. AFMC asserts that Aspects is “negotiating and completing sales transactions for subject and non-subject merchandise” with two Chinese companies, Nantong Fuhuang Furniture Co., Ltd. (“Fuhuang”) and Nantong Wangzhuang Furniture Co., Ltd. (“Wangzhuang”). *See* Allegation, at 3, 6-8. These are producers of WBF that are subject to a 216.01 percent cash deposit for the AD order at issue. *Id.* However, AFMC alleges that Aspects is importing covered merchandise that is manufactured by these companies under the name of two other companies; one being a state-owned trading company, Shanghai Jian Pu Import & Export Co., Ltd. (“Jian Pu”), that does not produce furniture and has a low cash deposit rate of 6.68 percent; and the other is a company named Wuxi Yushea Furniture Co., Ltd. (“Yushea”), which has a zero percent cash deposit rate. *Id.* at 8 and 13. Further, AFMC claims that Aspects “knowingly” and incorrectly reports the AD case number of Jian Pu or Yushea on its “entry summaries in order to pay lower cash deposits at the time of entry (with the apparent additional objective of paying lower assessed duties upon liquidation).” *Id.* at 3 and 13. AFMC surmises that this manner of evasion has “resulted (and continues to result in) the underpayment of antidumping duty.” *Id.* at 2.

AFMC supports its allegation via ship manifest data, which it claims shows that Aspects received subject merchandise on multiple occasions from either Jian Pu or Yushea and yet reported only receiving non-subject merchandise from Fuhuang or Wangzhuang. Allegation, at 7-13. AFMC also explains that this data indicates that the shipments of subject and non-subject merchandise from two separate shippers (one shipper from each of the aforesaid combinations) arrived “on the same day, on the same vessel, and in the same container.” *Id.* at 8-9, and 13. Additionally, AFMC reports that importations from Jian Pu

and Wangzhuang to Aspects not only followed the noted shipment pattern, but also used “bill of lading with common numbering (other than the final suffix).” *Id.* at 9. Furthermore, in detailing a shipment involving shipper Jian Pu, AFMC proposes that the subject and non-subject merchandise were packed together in the same container at the same location (the manufacturer’s facility), as AFMC alleges that Jian Pu does not produce furniture. *Id.* at 8. In support of these claims, AFMC provided copies of ship manifest data, copies of its Petitioners’ Comments and Submissions to the U.S. Department of Commerce (“Commerce”), and copies of the public versions of letters from Commerce to U.S. Customs and Border Protection (“CBP”) addressing this evasion scheme.

AFMC further states that during Commerce’s administrative review of the AD order in 2015, Wangzhuang reported that it “was the producer of subject merchandise that it exported to the United States and...{even though it} exported subject and non-subject furniture...it is not likely that {it} was identified by U.S. importers as the exporter of subject WBF on...entry summaries.” *Id.* at 13-14. AFMC also accounts that during the same administrative review Wangzhuang explained that it “negotiated the price and other terms of sale for subject merchandise with...U.S. importer{s}...and shipped the subject merchandise directly from its factory to the customer in the United States” but Wangzhuang admitted that “a third party that was ‘not involved in the actual negotiation of transaction terms’ becomes part of the transaction and entry {for the} subject merchandise.” *Id.* at 14-15. AFMC provided a public copy of *Wangzhuang’s Quantity and Value Questionnaire Response & Name Correction* (Apr. 1, 2016) (Allegation, at Att. 3), as evidence of these assertions.

CBP will initiate an investigation if it determines that “{t}he information provided in the allegation ... reasonably suggests that the covered merchandise has been entered for consumption into the customs territory of the United States through evasion.” *See* 19 C.F.R. §165.15(b). Evasion is defined as “the entry of covered merchandise into the customs territory of the United States for consumption by means of any document or electronically transmitted data or information, written or oral statement, or act that is material and false, or any omission that is material and that results in any cash deposit or other security or any amount of applicable antidumping or countervailing duties being reduced or not being applied with respect to the merchandise.” *See* 19 C.F.R. §165.1. Thus, the allegation must reasonably suggest that merchandise subject to an antidumping or countervailing (AD/CVD) order was entered into the United States by the importer alleged to be evading, but that such entry was made by a material false statement or act, or material omission, that resulted in the reduction or avoidance of applicable AD/CVD cash deposits or other security.

In its allegation, AFMC provided sufficient evidence to reasonably suggest that Aspects imported merchandise subject to an AD order by means of material false statements or acts, or material omissions, resulting in the reduction or avoidance of applicable AD cash

deposits or other security. First, ship manifest data submitted by AFMC reasonably suggests that Aspects is importing covered merchandise from Fuhuang or Wangzhuang, Chinese manufacturers of WBF with an AD cash deposit rate of 216.01 percent, yet identifying the suppliers as other Chinese companies that have either a much lower rate or no cash deposit rate. This suggestion is supported by statements from one of the Chinese manufacturers that shipped merchandise to Aspects, which admitted, during a Commerce administrative review in 2015, that although it exported WBF to the United States, it was not likely identified as the exporter on entry summaries. Specifically, the company admitted that while it typically manufactured, negotiated sales for, and shipped merchandise directly to United States customers, it used a different sales method, utilizing a third party, to handle sales transactions for its covered merchandise. Further it admitted to having a separate sales method, which includes a third party, for merchandise that is considered to be subject to the AD order. Yet this third party neither negotiates the sale, nor manufactures the merchandise, and the party who does the manufacturing, negotiates and the sale and ships directly to the customer in the United States. In light of this evidence, TRLED determined on May 9, 2017, that the allegation reasonably suggested that covered merchandise entered the customs territory of the United States through evasion, pursuant to 19 USC §1517(b)(1), and therefore, initiated this investigation.

### Interim Measures

Not later than 90 calendar days after initiating an investigation under EAPA, CBP will decide based on the investigation if there is reasonable suspicion that such covered merchandise was entered into the customs territory of the United States through evasion. Therefore, CBP need only have sufficient evidence to support a reasonable suspicion that merchandise subject to an antidumping duty or countervailing duty order was entered into the United States by the importer alleged to be evading by a material false statement or act, or material omission, that resulted in the reduction or avoidance of applicable antidumping duty or countervailing duty cash deposits or other security. If reasonable suspicion exists, CBP will impose interim measures pursuant to 19 U.S.C. §1517(e) and 19 C.F.R. §165.24. As explained below, CBP is imposing interim measures because there is a reasonable suspicion that the importer entered covered merchandise into the customs territory of the United States through evasion. *See* 19 C.F.R. §165.24(a).

As part of this EAPA investigation, CBP has reviewed the data that was being evaluated prior to AFMC's EAPA filing along with the information provided in the allegation. On April 6, 2017, CBP provided Aspects with a comprehensive listing of its entries from 2016 and requested copies of the corresponding entry packages to include the entry summary, commercial invoice, purchase order, proof of payment to the supplier, accounting records, broker bill, bill of lading, packing list, specification sheets, photos of the merchandise, and manufacturer name and address, as well as any evidence establishing that the manufacturer produced the goods (production records, purchase

invoices, etc.). Likewise, after initiation, on June 5, 2017, CBP provided Aspects with a comprehensive listing of its entries from 2017 and requested the corresponding entry documentation. Aspects provided records in response to both requests. Further, CBP conducted a site visit to Aspects' facility meeting with company representatives on July 27, 2017. CBP is in the process of reviewing the data Aspects provided, along with information CBP has obtained independently during the course of this investigation.

To date, CBP has identified two Aspect entries, filed as type 01 instead of 03, with undeclared merchandise (six misdescribed invoice items) subject to AD order A-570-890 on WBF from China. As one example, one entry included an item identified as a [ ] on the invoice between the foreign shipper and Aspects, but identified it as a [ ] on the invoice between Aspects and its U.S. customer. *See, e.g.*, Invoices for entry [ ]8847, [ ]. Although a [ ] may fall outside the scope of the AD order, an [ ] is covered merchandise. Similarly, in another instance, while an item was identified as a [ ] on the invoice between the foreign shipper and Aspects, it was identified as a [ ] on the invoice between Aspects and its U.S. customer. *See, e.g.*, Invoices for entry [ ]5073, [ ]. Again, while a [ ] may fall outside the scope of the AD order, a [ ] is covered. CBP's investigation of Aspects is ongoing. CBP will continue to evaluate the entry documentation provided by Aspects to investigate the evasion scheme identified in the allegation, as well as any other type of AD evasion that may exist.

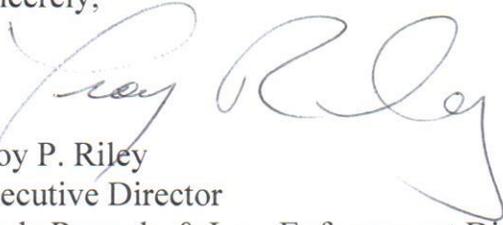
This evidence, combined with the ship manifest data and Commerce testimony described above, establishes a reasonable suspicion that the importer entered merchandise into the United States through evasion. Aspects failed to declare subject merchandise on entries and failed to make the requisite cash deposits for the AD order. For these reasons, CBP is imposing interim measures.

Entries of subject merchandise under this investigation that entered the United States as not subject to antidumping duties have been rate-adjusted to reflect that they are subject to the AD order on WBF from China and cash deposits are owed. Additionally, "live entry" is required for all future imports for Aspects, meaning that all entry documents and duties are required to be provided before cargo is released by CBP into the U.S. commerce. CBP will further suspend the liquidation for any entry that has entered on or after May 9, 2017, the date of initiation of this investigation; and extend the period for liquidation for all unliquidated entries that entered before that date. *See* 19 C.F.R. §165.24(b)(1)(ii) and (ii). For any entries that have liquidated and for which CBP's reliquidation authority has not yet lapsed, CBP will reliquidate those entries accordingly. Further, CBP will evaluate Aspect's continuous bond in light of these new developments.

For any future submissions or factual information that you submit to CBP pursuant to this EAPA investigation, please provide a public version to CBP, as well as to Mr.

Schneiderman, counsel for AFMC, at [dschneiderman@kslaw.com](mailto:dschneiderman@kslaw.com). See 19 C.F.R. §§165.4, 165.23(c), and 165.26. Should you have any questions regarding this investigation, please feel free to contact us at [epallegations@cbp.dhs.gov](mailto:epallegations@cbp.dhs.gov). Please include your EAPA case Number “7189” in the subject line of your email. Additional information on these investigations, including the applicable statute and regulations, may be found on CBP’s website at: <https://www.cbp.gov/trade/trade-enforcement/tftea/enforce-and-protect-act-eapa>.

Sincerely,

A handwritten signature in black ink, appearing to read "Troy P. Riley". The signature is fluid and cursive, with the first name "Troy" and last name "Riley" clearly distinguishable.

Troy P. Riley  
Executive Director  
Trade Remedy & Law Enforcement Directorate  
Office of Trade

Cc: Daniel Schneiderman, Counsel for AFMC