



U.S. Customs and Border Protection

March 15, 2018

PUBLIC VERSION

EAPA Consolidated Case Number: 7191

Brooklyn Knights Trading, Inc.
3701 Conshohocken Ave., Apt. 415
Philadelphia, PA 19131-5507

Casa USA, Inc.
970 E 236th Street
Carson, CA 90745-6233

Garment Cover Supply, LLC
707 E Colonial Drive, Suite B110
Orlando, FL 32803-4663

GL Paper Distribution, LLC
1840 Coral Way, PMB 4-1076
Miami, FL 33145-2748

Masterpiece Supply, Ltd.
5708 Mission Street
San Francisco, CA 94112-4209

Newtown Supply NY, Inc.
4840 65th Street
Woodside, NY 11377-5809

Nice Guy Trading, Inc.
99 Wall Street, Suite 1165
New York, NY 10005-4301

Subcos Percha De Metal Factory
8715 Garvey Ave.
Rosemead, CA 91770

Re: Notice of Final Determination as to Evasion

To Whom It May Concern:

In Enforce and Protect Act (“EAPA”) Consolidated Investigation No. 7191, U.S. Customs and Border Protection (“CBP”) has determined that substantial evidence exists on the record that the following companies entered steel wire garment hangers covered by antidumping (“AD”) duty order A-570-918¹ into the customs territory of the United States through evasion: Brooklyn Knights Trading, Inc. (“Brooklyn Knights”), Casa USA, Inc. (“Casa USA”), Garment Cover Supply, LLC (“Garment Cover”), GL Paper Distribution, LLC (“GL Paper”), Masterpiece Supply, Ltd. (“Masterpiece Supply”), Newtown Supply NY, Inc. (“Newtown Supply”), Nice Guy Trading, Inc. (“Nice Guy”), and Subcos Percha De Metal Factory (“Subcos Percha”) (collectively the “Companies”). Specifically, substantial evidence demonstrates that the Companies imported wire hangers from the People’s Republic of China (“China”) that were transshipped through Malaysia to the United States.

¹ See *Notice of Antidumping Order: Steel Wire Garment Hangers from the People’s Republic of China*, 73 Fed. Reg. 58111 (Dept. Commerce Oct. 6, 2008).

Background

On May 12, 2017, CBP initiated eight investigations pursuant to Title IV, Section 421 of the Trade Facilitation and Trade Enforcement Act of 2015, commonly referred to as “EAPA.” The eight allegations submitted by M&B Metal Products Company, Inc. (“M&B Metal”) (one allegation covering each importer) reasonably suggested that the Companies imported steel wire garment hangers from China that were transshipped through Malaysia, resulting in the failure to make the requisite AD cash deposits for their entries. Subsequently, on August 17, 2017, CBP issued a notice of initiation of investigation to all interested parties with CBP’s decision to take interim measures based upon a reasonable suspicion that the Companies entered covered merchandise into the customs territory of the United States through evasion. *See Notice of initiation of investigation and interim measures taken as to certain importers of wire hangers from Malaysia concerning evasion of the antidumping duty order on Wire Garment Hangers from the People’s Republic of China*, (Aug. 17, 2017) (available at <https://www.cbp.gov/document/report/eapa-cons-investigation-number-7191-brooklyn-knights-trading-inc-et-al-notice>) (hereinafter “Notice of Interim Measures”). The notice summarized the basis for CBP’s finding of reasonable suspicion of evasion, and listed the interim measures CBP applied against the Companies. *See id.*, at 11. Pursuant to 19 C.F.R. §165.13(b), CBP also informed the parties that the eight investigations had been consolidated into a single investigation covering all eight importers, which would thereafter be referred to as EAPA Consolidated Case No. 7191. *Id.*

Following the issuance of the notice to the parties, on September 1, 2017, CBP issued a “Request for Information” (“RFI”) to each of the Companies seeking information about their imports, as well as additional information concerning their foreign suppliers in Malaysia. *See* RA – 17-0901 Brooklyn Knights Trading Inc. RFI (Sept. 1, 2017); RA – 17-0901 Casa USA Inc. RFI (Sept. 1, 2017); RA – 17-0901 Garment Cover Supply RFI (Sept. 1, 2017); RA – 17-0901 GL Paper Distribution LLC RFI (Sept. 1, 2017); RA – 17-0901 Masterpiece Supply Ltd. RFI (Sept. 1, 2017); RA – 17-0901 Newtown Supply NY Inc. RFI (Sept. 1, 2017); RA – 17-0901 Nice Guy Trading Inc. RFI (Sept. 1, 2017); and RA – 17-0901 Subcos Percha De Metal Factory RFI (Sept. 1, 2017) (hereinafter “RA – 17-0901 Brooklyn Knights Trading RFI (Sept. 1, 2017), et. al.”). In the RFIs, among other items, CBP requested the following: (1) information about each company’s import policies and procedures; (2) complete purchase and sales records for the hangers; and (3) information about their corporate structure, including any affiliation with R&X Industries, a company implicated in EAPA Case 7175 and discussed further below.² Regarding the Companies’ foreign suppliers, among other items, CBP requested the following: (1) a full description of the manufacturing process for hangers; (2) information about the source of their raw materials, including supporting documentation establishing proof of source; (3) information about their corporate structure and affiliations; and (4) the source of any finished hangers not produced on-site by the supplier, along with other information about those hangers and supporting sales documentation.

² *See Letter from CBP regarding Notice of initiation of an investigation and interim measures taken as to Eastern Trading NY Inc. concerning a reasonable suspicion as to evasion of the antidumping duty order on Steel Wire Garment Hangers from the People’s Republic of China* (Dec. 13, 2016) (available at <http://www.cbp.gov/trade/trade-enforcement/tftea/enforce-and-protect-act-eapa/notices-action>).

Of the eight companies under investigation, only Newtown Supply responded to the RFIs. *See* Newtown Supply NY Inc. Response to 09-01-17 RFI (Sept. 14, 2017). None of the companies under investigation, including Newtown Supply, provided any final written arguments or response to M&B Metal’s final written argument. *See* MB Written Argument EAPA 7191 Public Submission 1-Feb-2018 (Feb. 1, 2018).

Final Determination as to Evasion

To reach a final determination of evasion in this case, CBP must:

make a determination, based on substantial evidence, with respect to whether such covered merchandise entered into the customs territory of the United States through evasion.

19 U.S.C. §1517(c)(1)(A). 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, CBP must reach a determination as to whether merchandise subject to an antidumping or countervailing (“CVD”) duty order was entered into the United States by the importer and 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. On their entry documents, the Companies subject to this investigation declared the country-of-origin for their imports of hangers as Malaysia. For the reasons described below, substantial evidence on the record of this investigation supports a determination that the Companies imported steel wire garment hangers that originated in China but were transshipped through Malaysia. Therefore, the Companies entered merchandise covered by an AD order, by false declaration, that resulted in the avoidance of applicable cash deposits and bonds.

First, CBP found no hanger production in Malaysia at addresses reported by the Companies for their alleged hanger manufacturers. *See* Malaysian Site Visit Memo (Aug. 17, 2017) and Malaysian Site Visit Memo Attachments (Aug. 17, 2017). CBP conducted site visits in Malaysia from July 26 to July 28, 2017, to verify the information provided by the Companies in their CF28 responses, the allegation, and CBP entry data. CBP visited alleged manufacturers that had recently shipped to multiple companies under investigation, and each company under investigation had imported from at least one of the manufacturers visited by CBP.

The findings from these visits are summarized in the following chart:

Shipper/ Manufacturer	Address(es) Visited	Importer³	CBP Findings
Genius Hanger Manufacturer Sdn. Bhd. (“Genius Hanger”) Address 1	Lot 19, Jalan Perusahaan 2 Kawasan Perindustrian Beranang 43700 Beranang Selangor Darul Ehsan West Beranang	Brooklyn Knights Casa USA Newtown Supply Masterpiece Supply GL Paper Nice Guy	RCI Wire Tech was operating at this location since 2009. ⁴
Genius Hanger Address 2	Lot 1027, Lengkok Perindustrian Bukit Minyak 1 Kawasan Perindustrian Bukit Minyak 14100 Simpang Ampat, Penang	Brooklyn Knights Casa USA Newtown Supply Masterpiece Supply GL Paper Nice Guy	EE-LIAN Enterprise, a plastic household goods producer, was operating at this location since 2010.
Martmetal Industries Sdn. Bhd. (“Martmetal”) Address 1	Lot 9, Pesiaran Kelebang, IGB Industrial Estate Jalan Kuala Kangsar 31200 Ipoh, Perak	Brooklyn Knights Garment Cover Nice Guy Masterpiece Supply	Perniagaan Radiator Leang, a car radiator repair shop, was operating at this location since 2011.
Martmetal Address 2	Plot 821, Jalan Matang Matang Industrial Area 34750 Taiping, Perak	Brooklyn Knights Garment Cover Nice Guy Masterpiece Supply	Comfort Rubber Gloves, a rubber and latex glove manufacturer, was operating at this location since 1993.
Pole Econ Industries (MY) Sdn. Bhd. (“Pole Econ”) Address 1	Lot 11, Lorong Asas Jaya 19 Kawasan Industri Ringan Asas Jaya 14000 Bukit Mertajam Penang	GL Paper	Address did not exist. Highest numbered lot within the business park was Lot 7.

³ See MB Allegation, at Exhs. 27-30 (Apr. 17, 2017) (showing public import data covering hanger shipments from Malaysia from January 2015 to March 2017).

⁴ RCI Wire Tech described itself as a producer of galvanized wire for the automobile, furniture, construction, and engineering industries. The company’s brochure made no mention of garment hanger production. See Malaysian Site Visit Memo Attachments, at 11 (Aug. 17, 2017).

Pole Econ Address 2	Lot 99A, Lorong Iks Juru 5 Taman Ind. Juru Simpang Ampat Penang	GL Paper	Address did not exist. Highest numbered lot at the location was Lot 93.
Wiron Hanger Industries Sdn. Bhd. (“Wiron”)	Lot 15, Lorong Asas Jaya 19 Kawasan Industri Asas Jaya 14000 Seberang Penang	Newtown Supply	Address did not exist. Highest numbered lot within the business park was Lot 7.
Semesta Industri Enterprise (“Semesta”)	Lot 141, Jalan 3, Kawasan Perusahaan Sungai Lalang 08000 Sungai Petani Kedah	Masterpiece Supply Subcos Percha	The address was an empty/ abandoned lot prior to June 2017, at which time a new owner started construction on a new facility.

CBP discovered that no hanger manufacturers existed at any of the addresses provided to CBP by the importers. The addresses were either occupied by other businesses, did not exist, or in one case was an empty lot. Moreover, none of the business owners or adjacent land occupants present at the locations CBP visited recognized the names of the manufacturers alleged to exist, and none were even aware of wire hanger manufacturing occurring in those areas. *See* Malaysian Site Visit Memo, at 3-7 (Aug. 17, 2017). In addition, no one CBP spoke to recognized the names of any of the purported owners of the hanger manufacturers. *Id.* CBP took photos at each location, none of which matched the photos of equipment or facilities provided by the Companies as part of the CF28 responses. *See* Malaysian Site Visit Memo Attachments (Aug. 17, 2017); CEE – CF28 Response Garment Cover Supply, at 16-21 (June 30, 2017); CEE – CF28 Response GL Paper Distribution, at 21-26 (June 22, 2017); CEE – CF28 Response Masterpiece Supply, at 6 (June 15, 2017); CEE – CF28 Response Newtown Supply, at 16-21 (June 23, 2017); and CEE – CF28 Response Nice Guy, at 17-18 (July 6, 2017).

CBP verified that the electricity bills provided in the CF28 responses by Garment Cover, GL Paper, Masterpiece Supply, Nice Guy, and Newtown Supply were fraudulent. In one instance, the electricity bill provided by Nice Guy in its CF28 response, purportedly belonging to Martmetal, listed a plot number no longer covered by a meter. According to the business owner present, the electricity company had removed the meter from that plot years before. *See* Malaysian Site Visit Memo, at 5 (Aug. 17, 2017). RCI Wire Tech was located at one of the addresses provided for Genius Hanger. The facility consisted of three buildings and an exterior lot that was vacant of any vehicles or activity despite it being the middle of a business day. *See id.*, at 3. One of the buildings had equipment and []; however, the machinery was dirty and looked unused, and the few [] seen were of a much thicker [] than that used for manufacturing wire hangers. None of the photos taken of the interior matched any of the photos of hanger equipment provided for Genius Hanger by Newtown Supply and

Garment Cover in their CF28 responses. *See* Malaysian Site Visit Memo Attachments (Aug. 17, 2017); CEE – CF28 Response Garment Cover Supply, at 16-21 (June 30, 2017); and CEE – CF28 Response Newtown Supply, at 16-21 (June 23, 2017). Thus, finding no hanger production at any of the alleged supplier addresses, CBP determined that Malaysia was not the country of origin of the hangers imported by the Companies under investigation.

Second, CBP further determines that the hangers imported by Newtown Supply and Brooklyn Knights originated in China, as did the hangers that Casa USA, Garment Cover, GL Paper, and Nice Guy imported from the Malaysian manufacturers Genius Hanger and Martmetal, which were both found to not exist. With respect to Newtown Supply, there is strong evidence that the company was connected to multiple hanger producers in China. In its RFI response, Newtown Supply noted that one of its two owners was James Liang. *See* Newtown Supply NY Inc. Response to 09-01-17 RFI, at 5 (Sept. 14, 2017). Prior to taking an ownership stake in Newtown Supply, Mr. Liang had been the sole owner of another importer of steel wire garment hangers, Eastern Trading, NY, Inc. (“Eastern Trading”). In EAPA Case 7175, CBP found substantial evidence that Eastern Trading had evaded the payment of antidumping duties by importing Chinese-origin hangers that were transshipped through Thailand by Everbright Clothes Hanger (Thailand) Co., Ltd. (“Everbright”). *See Notice of Final Determination of Evasion* (Aug. 14, 2017) (available at <https://www.cbp.gov/document/report/eapa-case-number-151357175-eastern-trading-ny-inc-notice-final-determination-evasion>).

In its RFI response, Newtown Supply admitted that it was solicited by R&X Industries to import wire hangers from Malaysia and received a payment for each shipment it entered. *See* Newtown Supply NY Inc. Response to 09-01-17 RFI, at 3-5 (Sept. 14, 2017). On its website, R&X Industries described itself as the industry leader of the wire hanger business in China and Thailand, and Hang Ren, its General Manager, held the U.S. Sales Director and Vice President of Operations positions for Hangzhou Qingqing Mechanical Co., Ltd. (“Qingqing”) and Hangzhou Yingqing Material Co., Ltd. (“Yingqing”). *See* MB Allegation, at 20-21 (Apr. 17, 2017) (*also citing* EAPA Case 7175 Allegation, at Exhs. 6-8 (Sept. 16, 2016)). Qingqing is a Chinese producer of steel wire hangers, exporting to Malaysia and Thailand. *See* DOC – Yingqing-Qingqing NSR Sect. A Questionnaire Resp., at 1 and 23 (Jan. 3, 2013) and TRLED – Hangzhou Qingqing Business Information Report (Dun and Bradstreet), at 6 (Dec. 20, 2017). Yingqing is an exporter of wire hangers, exporting to Mexico, the United States and Thailand. *See* DOC – Yingqing-Qingqing NSR Sect. A Questionnaire Resp., at 1 and 23 (Jan. 3, 2013); and TRLED – Hangzhou Yingqing Business Information Report (Dun and Bradstreet), at 6 (Dec. 20, 2017).

In EAPA Case 7175, Eastern Trading also claimed that R&X Industries and Hang Ren orchestrated the whole transshipment scheme by paying Eastern Trading \$100 per container to import hangers on behalf of R&X Industries. The payments from R&X Industries to Eastern Trading were routed through another company, New City Express (“New City”). As proof, Eastern Trading provided payment information and other documentation similar to that provided by Newtown Supply described further below, which CBP placed on the administrative record of this investigation. *See* Initial Investigation of Evasion of the Antidumping Order on Steel Wire Garment Hangers Jian Hua Liang a.k.a. James Liang Eastern Trading NY Inc. EAPA Cases No: 15135 (June 5, 2017) (hereinafter “Eastern Trading’s June 5, 2017 Submission”); Opposition by Eastern Trading NY Inc. to Written Argument from M&B Metal Products Inc. (July 11, 2017); and Amended Opposition by Eastern Trading to Written Argument from M&B Metal Products

Inc. (July 24, 2017). In EAPA Case 7175, CBP traced exports of hangers from Qingqing, Yingqing and a third affiliated company in China to Everbright in Thailand, and then from Everbright to Eastern Trading in the United States.

In this case, Newtown Supply, partially owned by the same owner of Eastern Trading, described the same scheme. R&X Industries paid Newtown Supply \$100 per container to import hangers from Malaysia on behalf of R&X Industries' customers in the United States. As with Eastern Trading, these payments were completed through New City. Thus, by its own admission, Newtown Supply was a company established for the sole purpose of importing hangers from Malaysia on behalf of R&X Industries, the same as Eastern Trading had been for Thailand. *See* Newtown Supply NY Inc. Response to 09-01-17 RFI, at 6 (Sept. 14, 2017). Newtown Supply provided the following in response to the RFI: (1) a list of its hanger shipments showing the corresponding R&X Industries U.S.-based customer and purchase order number; (2) New City's invoices issued to Newtown Supply covering the shipments, annotated with amounts already deposited into New City's bank account and the remaining balances; and (3) emails showing that R&X Industries was the entity depositing amounts into New City's bank account to cover the costs of the shipments (including the \$100 service fee). *See* Newtown Supply NY Inc. Response to 09-01-17 RFI, at Exhs. B and C (Sept. 14, 2017). Further, Newtown Supply provided a list of its points of contact at R&X Industries, which confirmed that Hang Ren remained employed by R&X Industries as its General Manager. *See id.*, at Exh. E. Notably, Newtown Supply's admission that R&X Industries had orchestrated the imports from Malaysia reaffirmed a prior version of R&X Industries' website from 2014 that stated R&X Industries operated in Malaysia in addition to China and Thailand. *See* MB Allegation, at 21 and Exh. 44 (Apr. 17, 2017).

In its RFI response, Newtown Supply stated it was established in early 2017 and began importing hangers from Malaysia almost immediately. This was shortly after CBP provided its owner, James Liang, with a notice that Eastern Trading was being investigated for evasion by transshipment in December 2016. *See* Newtown Supply NY Inc. Response to 09-01-17 RFI, at 1 (Sept. 14, 2017) and MB Allegation, at 26 and Exh. 29 (Apr. 17, 2017). Given the timing and similarity of the two schemes by which R&X Industries and Hang Ren established shell importers to import hangers on behalf of its U.S.-based customers, CBP finds that Newtown Supply's entries of hangers originated in China and were transshipped through Malaysia, and were therefore, subject to the AD order on steel wire hangers from China.

With respect to Brooklyn Knights, Newtown Supply identified it as another company used by R&X Industries and Hang Ren to import hangers that were transshipped through Malaysia. *See* Newtown Supply NY Inc. Response to 09-01-17 RFI, at 4 (Sept. 14, 2017). In the RFI sent to Brooklyn Knights, CBP sought specific information about the company's business affiliation with R&X Industries and Hang Ren. *See* RA – 17-0901 Brooklyn Knights Trading Inc. RFI, at 6 (Sept. 1, 2017). As noted above, Brooklyn Knights failed to respond; however, CBP was still able to verify that Brooklyn Knights' phone number and contact email on ocean bills of lading match the phone number and contact information of R&X Industries (*e.g.*, 302-235-9654 and renhang@qingqingjx.com). *See* MB Allegation, at 20 (Apr. 17, 2017) and Newtown Supply NY Inc. Response to 09-01-17 RFI, at Exh. E (Sept. 14, 2017). This same number was also used on Eastern Trading's invoices issued to it by Everbright (the Thai company already found to be part of the transshipment evasion scheme), as well as on certificates of origin and ocean bills of

lading covering shipments of hangers from Everbright. *See* Eastern Trading’s June 5, 2017 Submission, at 6-8 and 10-12. Hence, Brooklyn Knights is similarly connected to Eastern Trading and R&X Industries by the phone number listed on its commercial documents.

Further, Newtown Supply linked Brooklyn Knights to New City, the company R&X Industries routed payments to on behalf of Newtown Supply. As evidence of the link between Brooklyn Knights and New City, Newtown Supply provided a May 2017 Certificate of Origin (“Certificate”) covering a shipment of hangers from Wiron, an alleged Malaysian supplier, to Brooklyn Knights. The Certificate listed New City as the ‘Notify Party’ on the shipment, and listed its address as 8666 23rd Ave., Apt 1A, Brooklyn, NY 11214-4255. *See* Newtown Supply NY Inc. Response to 09-01-17 RFI, at Exh. A (Sept. 14, 2017). Entry records show that [] for past shipments. *See* NTAG – Brooklyn Knights Initial Analysis (May 15, 2017). Finally, one of Eastern Trading’s submissions placed on the record of this investigation shows that Hang Ren used 450 W. 42nd Street, Apt. 38B, New York, NY 10036, as a billing address. *See* Eastern Trading’s June 5, 2017 Submission, at 4. Public import data and entry information show that this address was also used by Brooklyn Knights as its consignee address on 19 imports of hangers from Malaysia in early 2015, the same timeframe during which Brooklyn Knights first began importing hangers from Malaysia. *See* MB Allegation, at Exh. 27 (Apr. 17, 2017). Given Brooklyn Knights’ connections to R&X Industries and New City, who were part of the transshipment evasion scheme in EAPA Investigation 7175, and who were involved with transshipping hangers to Newtown in this case, as well as the evidence cited above, CBP finds that the hangers imported by Brooklyn Knights also originated in China and were covered by the AD order on steel wire hangers.

During the period of this investigation, Newtown Supply and Brooklyn Knights imported all of their hangers from alleged Malaysian manufacturers Genius Hanger, Martmetal and Wiron, none of which exist. *See* Malaysian Site Visit Memo (Aug. 17, 2017); MB Allegation, at Exhs. 2 and 28-30 (Apr. 17, 2017) (providing public data on hanger shipments from Malaysia from January 2016 to March 2017); and MB Allegation Addendum, at Exhs. 1 and 4 (June 15, 2017) (providing public data on hanger shipments from Wiron in Malaysia from January 2017 to June 2017). Because these Malaysian manufacturers do not exist, Newtown Supply and Brooklyn Knights could not have imported hangers that originated in Malaysia. Rather, considering that Newtown Supply and Brooklyn Knights are connected to R&X Industries’ transshipment scheme involving Chinese manufacturers, substantial evidence on the record exists that the hangers imported by Newtown Supply and Brooklyn Knights originated in China. As such, CBP finds that all hangers imported from these three non-existent companies, Genius Hanger, Martmetal and Wiron, originated in China.

Four other importers in this investigation, Casa USA, Garment Cover, GL Paper, and Nice Guy, purchased hangers listing these three non-existent Malaysian manufacturers. *See* MB Allegation, at Exhs. 2 and 28-30 (Apr. 17, 2017); CEE – CF28 Response Casa USA (June 23, 2017); CEE – CF28 Response Garment Cover Supply (June 30, 2017); and CEE – CF28 Response Nice Guy (July 6, 2017). Applying the reasoning above, CBP finds that because Genius Hanger, Martmetal and Wiron do not exist, Casa USA, Garment Cover, GL Paper, and Nice Guy did not import hangers manufactured in Malaysia to the extent they listed these suppliers on their entry

documentation. Rather, those entries originated in China and were entered through evasion. As discussed above, Genius Hanger, Martmetal, and Wiron shipped to companies connected to the Chinese transshipment scheme, Newtown Supply and Brooklyn Knights, and were thereby directly implicated in the scheme themselves. Having indicated that these were their Malaysian suppliers, Casa USA, Garment Cover, GL Paper, and Nice Guy imported Chinese origin hangers that were transshipped through Malaysia, and thus covered by the AD order on steel wire hangers from China.

With respect to the outstanding entries under investigation that were not imported from either of Genius Hanger, Martmetal or Wiron, CBP is applying an adverse inference. Pursuant to 19 U.S.C. §1517(c)(3) and 19 C.F.R. §165.6, CBP may apply an adverse inference if the party to the investigation that filed an allegation, the importer, or the foreign producer or exporter of the covered merchandise fails to cooperate and comply to the best of its ability with a request for information made by CBP. In applying an adverse inference against an eligible party, CBP may select from the facts otherwise available to make a final determination as to evasion pursuant to 19 U.S.C. §1517(c)(1)(A) and 19 C.F.R. §165.27. During the period of this investigation, Garment Cover, GL Paper, Masterpiece Supply, and Subcos Percha imported from suppliers other than Genius Hanger, Martmetal or Wiron. The RFIs issued by CBP on September 1, 2017, requested information on the origin of all imported hangers, such as correspondence related to the purchases, commercial documents on their purchases, along with proof of payment, all relevant transportation documentation, and their ownership structure. *See* RA – 17-0901 Brooklyn Knights Trading RFI, et. al., at 7-8 (Sept. 1, 2017). If this information was provided by the importers, it would have assisted CBP with affirmatively establishing the country of origin for the hangers. As explained above, none responded to the RFIs, and as such the importers failed to act to the best of their ability to comply with the RFIs. For each of Garment Cover, GL Paper, Masterpiece Supply, and Subcos Percha, CBP verified that their Malaysian suppliers listed on their entries did not exist. *See* Malaysian Site Visit Memo (Aug. 17, 2017).⁵ Therefore, these hangers were not manufactured in Malaysia. The facts otherwise available in this case, summarized in the preceding paragraphs, demonstrate that the hangers under investigation originated in China and were transshipped through Malaysia. Thus, CBP is applying an adverse inference against Garment Cover, GL Paper, Masterpiece Supply and Subcos Percha, and concludes that all of their remaining imports of wire hangers from Malaysia not already discussed above originated in China and were transshipped through Malaysia.⁶

⁵ In the case of Garment Cover, CBP verified that Genius Hanger and Pole Econ did not exist. *See* Malaysian Site Visit Memo (Aug. 17, 2017); MB Allegation, at 22 and Exh. 47 (Apr. 17, 2017); and CEE – CF28 Response Garment Cover Supply (June 30, 2017). For GL Paper, CBP verified Pole Econ did not exist. *See* Malaysian Site Visit Memo (Aug. 17, 2017); MB Allegation, at 25 and Exh. 29 (Apr. 17, 2017); and CEE – CF28 Response GL Paper Distribution (June 22, 2017). For both Masterpiece and Subcos Percha, CBP verified Semesta did not exist. *See* Malaysian Site Visit Memo (Aug. 17, 2017); MB Allegation, at 26- 28 and Exhs. 29-30 (Apr. 17, 2017); and CEE – CF28 Response Masterpiece Supply (June 15, 2017). M&B Metal had previously discovered that Refine Manufacture Industries Sdn. Bhd. (“Refine”) and Roland Gensteel Industrial (“Roland”), the only remaining Malaysian suppliers of hangers, did not exist either. *See* MB Allegation, at 15-16 and Exhs. 34-35 (Apr. 17, 2017) (providing site-visit reports on Refine and Roland).

⁶ CBP is not applying an adverse inference against Newtown Supply or Brooklyn Knights because of the affirmative evidence discussed in the preceding paragraphs showing that the country of origin for their imports of hangers was China. Hence, whether these two parties responded to the RFI is not necessary to the application of adverse inferences in this case. Similarly, all of Casa USA’s and Nice Guy’s entries of hangers were imported through either Genius Hanger or Martmetal, manufacturers found to be directly involved in the transshipment scheme as

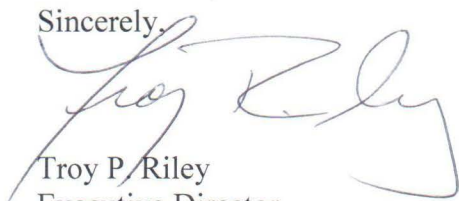
In summary, based on the full record in this investigation, CBP determines that there is substantial evidence the Companies entered merchandise into the United States through evasion. The facts described above provide substantial evidence that the hangers were not manufactured in Malaysia. Moreover, record evidence supports CBP's finding that all of the entries of hangers at issue in this investigation originated in China and were transshipped through Malaysia. Thus, the Companies entered merchandise covered by an AD order through evasion by falsely declaring the country of origin. By doing so, they avoided paying the requisite AD duties. As none of the Companies established that their entries were entitled to a separate rate, all entries are subject to the China-wide rate for the AD order on wire hangers from China. At present, this rate is 187.25 percent. *See Cash deposit instructions for steel wire garment hangers from the People's Republic of China (PRC) (A-570-918)*, Msg. No. 7324302 (Nov. 20, 2017) (available at <http://adcvd.cbp.dhs.gov/adcvdweb/>).

M&B Metal was the only party to this investigation to submit written arguments. The only argument it raised that is not already addressed above is a request that CBP take additional enforcement measures under EAPA against the Companies. Specifically, it requests that CBP initiate Section 1592 penalty proceedings against each importer regarding their imports of Chinese steel wire garment hangers through Malaysia. In addition, it requests that CBP refer the entire record of the EAPA investigation to U.S. Immigration and Customs Enforcement for further civil and/or criminal investigation. *See MB Written Argument EAPA 7191 Public Submission 1-Feb-2018*, at 13 (Feb. 1, 2018). CBP will pursue any additional enforcement action, as appropriate, pursuant to 19 U.S.C. §1517(h).

Actions Taken Pursuant to the Affirmative Determination of Evasion

In light of CBP's determination that Brooklyn Knights, Casa USA, Garment Cover, GL Paper, Masterpiece Supply, Newtown Supply, Nice Guy, and Subcos Percha entered merchandise into the United States through evasion, and pursuant to 19 U.S.C. §1517(d) and 19 C.F.R. §165.28, CBP will continue to suspend the liquidation for any entry that has entered on or after May 12, 2017, the date of initiation of this investigation. CBP will also continue to extend the period for liquidation for all unliquidated entries that entered before that date. CBP will continue to require live entry, which requires that the importer post the applicable cash deposit prior to the entry's release. Finally, CBP will evaluate the continuous bonds of these companies in accordance with CBP's policies.

Sincerely,



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

discussed above. Therefore, each of Casa USA's and Nice Guy's entries of hangers originated in China, and whether these two parties responded to the RFI is not necessary to the application of adverse inferences in this case.