



U.S. Customs and  
Border Protection

## **PUBLIC VERSION**

July 13, 2020

Lino International, Inc.  
111 Great Neck Road, Suite 300a  
Great Neck, NY 11021

Nicholas J. Birch  
On behalf of the Cast Iron Soil Pipe Institute  
Schagrin Associates  
900 Seventh Street, NW, Suite 500  
Washington, DC 20001  
NBirch@SchagrinAssociates.com

Re: Notice of Initiation of Investigation and Interim Measures - EAPA Case 7455

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To Mr. Birch and the Representative of Lino International, Inc:

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), against Lino International Inc. (Lino). CBP is investigating whether Lino evaded antidumping (AD) and countervailing duty (CVD) orders A-570-062 and C-570-063 on cast iron soil pipe fittings (pipe fittings) from the People's Republic of China (China) when importing pipe fittings into the United States.<sup>1</sup> CBP has imposed interim measures because evidence supports a reasonable suspicion that Lino entered merchandise covered by the AD/CVD orders into the customs territory of the United States through evasion.<sup>2</sup>

### Period of Investigation

Pursuant to 19 CFR 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...." Entry is defined as an "entry, or withdrawal from warehouse for consumption, of merchandise in the customs territory of the United States."<sup>3</sup> CBP acknowledged receipt of the properly filed

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<sup>1</sup> See *Cast Iron Soil Pipe Fittings from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 83 FR 44570 (August 31, 2018); see also *Cast Iron Soil Pipe Fittings from the People's Republic of China: Countervailing Duty Order*, 83 FR 44566 (August 31, 2018) (collectively referred to as the "AD/CVD orders").

<sup>2</sup> See 19 USC 1517(e); see also 19 CFR 165.24.

<sup>3</sup> See 19 USC 1517(a)(4); see also 19 CFR 165.1.

allegation against Lino on March 17, 2020.<sup>4</sup> Thus, the entries covered by this investigation are those entered for consumption, or withdrawn from warehouse for consumption, from March 17, 2019, through the pendency of this investigation.<sup>5</sup>

### Initiation

On April 7, 2020, the Trade Remedy Law Enforcement Directorate (TRLED), within CBP's Office of Trade, initiated an investigation under EAPA as a result of an allegation submitted by the Cast Iron Soil Pipe Institute (the allegor)<sup>6</sup> on evasion of AD/CVD duties by Lino.<sup>7</sup> In its allegation, the allegor asserts that Lino evaded the AD/CVD orders on pipe fittings from China through transshipment of Chinese-origin pipe fittings through Cambodia.<sup>8</sup> The basis for the allegation follows.

The allegor claims that Lino is an importer of pipe fittings covered by the AD/CVD orders. The scope of the AD/CVD orders covers pipe fittings that are finished or unfinished, regardless of industry, proprietary specifications, or size.<sup>9</sup> The pipe fittings can have hubs or be hubless, in which case they are generally manufactured to Cast Iron Soil Pipe Institute (CISPI) specification 301 and American Society for Testing and Materials (ASTM) specification A888.<sup>10</sup> To demonstrate that Lino imports pipe fittings meeting these criteria, the allegor provided screenshots from Lino's website stating:

We have a full line of cast iron fittings consisting of No Hub, Single Hub, and Special No Hub ranging in sizes from: 1½” to 15” ASTM A888: Standard specification for hubless cast iron soil pipe and fittings for sanitary and storm drain, waste, and vent piping applications. CISPI Standard 301: Standard Specification for hubless cast iron soil pipe and fittings for sanitary and storm drain, waste, and vent piping applications.... For nearly 20 years, Lino International, Inc. has remained a trusted manufacturer of cast iron pipe, fittings, couplings, tubing, tapes, and safety equipment, with headquarters in New York and three plants in China ... All Pipe & Fittings are UPC & ASTM A888 certified – IAPMO file # 9769 • All Pipe & Fittings are manufactured to exceed UPC, IPC & CISPE 301-2012 requirements{.}<sup>11</sup>

The allegor provided [ ] indicating that Lino sources pipe fittings from a Cambodian company named Hicreek Plumbing Co., Ltd, also known as Hicreek Plumbing Inc.,

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<sup>4</sup> See March 17, 2020, email entitled “EAPA 7455: Receipt of EAPA Allegation Pertaining to Alleged Transshipment of Pipe Fittings from China.”

<sup>5</sup> See 19 CFR 165.2.

<sup>6</sup> See Letter from the Allegor, “Cast Iron Soil Pipe Fittings: Request for an Investigation under the Enforce and Protect Act,” dated March 9, 2020 (Allegation). The allegor's individual members are AB&I Foundry, Charlotte Pipe & Foundry, and Tyler Pipe. Page 3 and Exhibit 10 of the allegation indicate that each of the allegor's members are U.S. producers of cast iron soil pipe fittings, and thus, meet the definition of an interested party that is permitted to submit an EAPA allegation pursuant to 19 USC 1517(a)(6)(A)(iv), 19 CFR 165.1(4), and 19 CFR 165.11(a).

<sup>7</sup> See CBP Memorandum, “Initiation of Investigation for EAPA Consolidated Case Number 7455 – Lino International Inc.,” dated April 7, 2020 (Initiation).

<sup>8</sup> See Allegation at 1-2, 6-9.

<sup>9</sup> *Id.* at 2-3 and Exhibit 9.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at Exhibit 2.

Ltd. (Hicreek).<sup>12</sup> Specifically, the [ ] indicates that Lino imported 135 metric tons of “fittings” between September 12, 2019, and February 8, 2020.<sup>13</sup> The allegor noted that according to Lino’s website all of its pipe fittings are ASTM A888 certified, so these imports of pipe fittings would be covered merchandise.<sup>14</sup> The allegor states that these shipments were reported to originate in Cambodia and that Hicreek gave the address of a medical clinic in Cambodia as its address.<sup>15</sup> The allegor contends that this address and Hicreek’s potential lack of production facilities indicates that the pipe fittings originated from another source. The allegor also notes that the [ ] that the port of lading for all of the shipments was in Vietnam, not Cambodia, which they contend suggests that the origin of the merchandise was not Cambodia.<sup>16</sup>

The allegor provided Hicreek’s business registration, which indicates that Hicreek was incorporated in Cambodia on March 19, 2018.<sup>17</sup> The allegor notes that this incorporation date occurred only one month after the Department of Commerce (Commerce) issued its preliminary AD determination on pipe fittings and three months after Commerce issued its preliminary CVD determination on pipe fittings.<sup>18</sup> In these preliminary determinations, Commerce issued an AD cash deposit rate of 109.86 percent and a CVD all-others rate of 10.37 percent.<sup>19</sup>

Hicreek’s business registration lists its director as Zhang Qian with an email address of ellenzhangqd@gmail.com.<sup>20</sup> The allegor provided the internet record of a trading website listing ellenzhangqd@gmail.com as the contact email address of the sales manager of a Chinese company named Qingdao H.R. International Trading Co., Ltd. (Qingdao H.R.).<sup>21</sup> The allegor notes that Qingdao H.R.’s website states that it is an export arm for Qingdao Shengwei Metals Co., Ltd. (Qingdao Shengwei), which is a manufacturer of pipe fittings.<sup>22</sup> Qingdao H.R.’s website lists Zhang Qian as its general manager with an email address of ellen@klcmetals.com.<sup>23</sup> Qingdao H.R.’s website states that it is a “professional manufacturer of plumbing product {sic} & other hardware ... We invested in four factories separately manufacturing Malleable Iron Fittings, Steel Nipples, Forged Steel Fittings, No-Hub Couplings, Cast Iron Pipes, Fittings &

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<sup>12</sup> *Id.* at 1, 4-9, and Exhibit 1.

<sup>13</sup> *Id.* at 6.

<sup>14</sup> *Id.* at 6 and Exhibit 2.

<sup>15</sup> *Id.* at 7 and Exhibits 1 and 4.

<sup>16</sup> *Id.* at 7.

<sup>17</sup> *Id.* at Exhibit 5.

<sup>18</sup> *See Cast Iron Soil Pipe Fittings from the People’s Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, in Part, Postponement of Final Determination and Extension of Provisional Measures*, 83 FR 7145 (February 20, 2018) (Pipe Fittings AD Preliminary Determination); *see also Cast Iron Soil Pipe Fittings from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 82 FR 60178 (December 19, 2017) (Pipe Fittings CVD Preliminary Determination).

<sup>19</sup> *See Allegation at 7; see also Pipe Fittings AD Preliminary Determination; see also Pipe Fittings CVD Preliminary Determination.*

<sup>20</sup> *See Allegation at 7 and Exhibit 5.*

<sup>21</sup> *Id.* at 8 and Exhibit 6.

<sup>22</sup> *Id.* at 8 and Exhibit 7.

<sup>23</sup> *Id.* The allegor states that KLC Metals or KLC Hardware appears to be a “doing-business name for Qingdao H.R./Qingdao Shengwei.” The allegor also notes that the www.klcmetals.com website appears to mirror the www.shengweimetals.com website. *See Allegation at Exhibits 7 and 8.*

Flanges.”<sup>24</sup> Their website also lists “no-hub soil pipe and fittings ASTM A888 CISPI301” under an “Our Products” section and displays various certifications for “Cast Iron Soil Pipe and Fittings.”<sup>25</sup>

The allegor contends that consideration of this evidence reasonably suggests that the Chinese company Qingdao H.R./Qingdao Shengwei set up Hicreek in Cambodia to avoid the payment of AD/CVD cash deposit rates resulting from Commerce’s pipe fittings investigations.<sup>26</sup> The allegor further contends that Hicreek facilitated transshipment of Chinese-origin pipe fittings through Cambodia to evade the AD/CVD orders. The allegor avers that evidence indicates that Hicreek does not appear to have production facilities in Cambodia and is owned by Qingdao H.R./Qingdao Shengwei. The allegor further avers that the use of the same email as Qingdao H.R.’s sales manager reasonably suggests that Qingdao H.R./Qingdao Shengwei set up Hicreek to transship pipe fittings that were in fact produced in China.

### *Initiation Assessment*

TRLED 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.”<sup>27</sup> 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 covered merchandise.”<sup>28</sup> Thus, the allegation must reasonably suggest not only that the importer alleged to be evading entered merchandise subject to an AD and/or CVD order into the United States, 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 and/or CVD cash deposits or other security.

In assessing the allegor’s claims and evidence provided in its allegation, TRLED found that the allegation reasonably suggested that Lino entered covered merchandise into the customs territory of the United States and may have evaded AD/CVD orders A-570-062 and C-570-063 through transshipment. Specifically, the allegor established that Lino imported subject merchandise from Hicreek.<sup>29</sup> However, Hicreek listed a medical clinic as its address.<sup>30</sup> The fact that this address was neither a production facility nor an office building created uncertainty regarding the veracity of the address and the origin of the pipe fittings. In addition, the timing of Hicreek’s registration in Cambodia closely followed Commerce’s issuance of preliminary AD/CVD duties on imports of Chinese-origin pipe fittings. Further, the allegor established that a Chinese producer of subject merchandise registered Hicreek as a business in Cambodia. Collectively, the

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<sup>24</sup> *Id.* at Exhibit 7.

<sup>25</sup> *Id.*

<sup>26</sup> *Id.* at 8-9.

<sup>27</sup> See 19 CFR 165.15(b); see also 19 USC 1517(b)(1).

<sup>28</sup> See 19 CFR 165.1; see also 19 USC 1517(a)(5)(A).

<sup>29</sup> See Allegation at Exhibits 1-3.

<sup>30</sup> *Id.* at 7 and Exhibits 1 and 4.

circumstances surrounding Hicreek’s address, its establishment by a Chinese producer of pipe fittings, and the timing of its establishment reasonably suggested evasion.

For the reasons previously set forth, TRLED initiated an investigation under the authority of 19 USC 1517(b)(1) on imports of pipe fittings that are alleged to be entered through evasion.<sup>31</sup> Therefore, TRLED is investigating whether and to what extent Lino engaged in evasion. While TRLED must reach a determination as to whether merchandise entered the customs territory of the United States through evasion, the statute does not limit this determination to only the type of evasion for which the investigation was initiated.<sup>32</sup>

### Interim Measures

Not later than 90 calendar days after initiating an investigation under EAPA, TRLED will decide based on the record of the investigation if there is reasonable suspicion that merchandise covered by the AD/CVD orders was entered into the United States through evasion. CBP need only have sufficient evidence to support a reasonable suspicion that the importer alleged to be evading entered merchandise covered by an AD or CVD order into the United States by a material false statement or act, or material omission, that resulted in the reduction or avoidance of applicable AD or CVD cash deposits or other security. If reasonable suspicion exists, CBP will impose interim measures pursuant to 19 USC 1517(e) and 19 CFR 165.24. As explained below, CBP is imposing interim measures because there is a reasonable suspicion that Lino entered covered merchandise into the United States through evasion by means of transshipment.<sup>33</sup>

### *CF-28 Responses*

On February 10, 2020 and April 22, 2020, CBP issued three CF-28 requests for information to Lino on four entries from 2019-2020.<sup>34</sup> CBP received Lino’s three responses to the CF-28s on March 11, 2020, and May 20, 2020.<sup>35</sup> In the CF-28s issued on April 22, 2020, CBP requested production documentation, purchase orders, commercial invoices, bills of lading, transportation documents, and proof of payment for each entry. In its responses, Lino provided several documents related to Hicreek, such as Hicreek’s company brief, a document from Cambodia’s General Department of Taxation, a sales contract with a Cambodian supplier named [ ], mill test certificates, a goods received note pertaining to pig iron, and an outline of Hicreek’s production process and machinery.

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<sup>31</sup> See also 19 CFR 165.15.

<sup>32</sup> See 19 USC 1517(c)(1)(A).

<sup>33</sup> See 19 CFR 165.24(a).

<sup>34</sup> See CBP Form 28 (CF-28) sent to Lino, dated February 10, 2020; see also CBP Form 28 (CF-28) sent to Lino, dated April 22, 2020; see also CBP Form 28 (CF-28) sent to Lino, dated April 22, 2020. The CF-28 that CBP sent on February 10, 2020, was sent to Lino before the initiation of this investigation. However, it is included in this investigation because it concerns a relevant entry. The three CF-28s requested information on entries [ ]0578, [ ]0339, [ ]6210, and [ ]3984.

<sup>35</sup> See Letter from Lino, “Lino International Inc...Entry No. [ ]0578 /Port No. [ ] HTSUS Item No. [ ],” dated March 11, 2020; see also Letter from Lino, “Lino International Inc...Entry No. [ ]0339 /Port No. [ ] HTSUS Item No. [ ],” dated May 20, 2020; see also Letter from Lino, “Lino International Inc...Entry No. [ ]06210 / Port No. [ ] HTSUS Item No. [ ],” dated May 20, 2020.

Included among these documents was a document from Cambodia’s General Department of Taxation dated March 2019. It lists Hicreek as a “Steel pipe and plastic plumbing factory” and the owner as Zhang Qian and her nationality as Chinese. Her name matches the name of Hicreek’s director in the allegation.<sup>36</sup> The Hicreek company profile states that Hicreek was established in 2018, which also matches the allegation. The documentation also indicates that Hicreek’s facility is located in [ ], in [ ], covers [ ] square meters, and employs [ ] workers. Additionally, the documents did not mention the medical clinic address discussed in the allegation.

The documentation asserts that Hicreek manufactures and exports plumbing accessories from Cambodia. Lino provided a sales contract, dated January 5, 2019, for [ ] kg of pig iron between Hicreek and a Cambodian supplier named [ ]. Lino also provided a Hicreek mill test certificate for [ ] kg of pig iron, dated January 26, 2019. Pig iron is a raw material that can be used to produce cast iron. The documents claim that Hicreek performs iron casting in its factory and produces cast iron no-hub pipes, pipe fittings, and other castings.

Other than the items related to Hicreek, Lino did not provide the following requested items by the established deadline or explain its failure to do so:

1. Purchase orders, commercial invoices, proof of payment for all raw materials used to produce the merchandise
2. Dated transportation documents, container load plans from the manufacturer of the raw materials
3. Foreign customs documentation (if imported) for all raw materials
4. Complete factory production records, including stamped time cards and work orders
5. Bills of lading, including master and through bills of lading
6. Whether Lino was related to the seller of the merchandise
7. The names of their corporate officers
8. The names of all forwarding agents, subcontractors, and intermediaries involved and their contact information

#### *Other Record Evidence*

On June 9, 2020, the allegor submitted additional information to EAPA case 7454 that is also relevant to this case.<sup>37</sup> This information included [ ] “Sibo International Limited” (Sibo) [ ] and had an [ ].<sup>38</sup> Sibio is a Hong Kong-based exporter of cast iron soil pipe (pipe) and pipe fittings that Commerce investigated in the AD investigation on pipe from China.<sup>39</sup> As part of that AD investigation, Sibio received a 235.93 percent AD rate as part of the

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<sup>36</sup> See Allegation 7-8 and Exhibits 5-7.

<sup>37</sup> See CBP Memorandum, “Adding Information to the Administrative Record of EAPA Case 7455,” dated June 18, 2020 at Attachment 3.

<sup>38</sup> *Id.* at Attachment 3, Exhibit 1.

<sup>39</sup> *Id.* at Attachment 3, Exhibit 2, pages 21, 24 and Exhibit 3.

China-wide entity.<sup>40</sup> Sibio [

].<sup>41</sup> The inclusion of Sibio [ ] possibly indicates that other Chinese exporters are using Hicreek to transship Chinese-origin pipe fittings. Furthermore, another [ ] from Hicreek [ ].<sup>42</sup> [

].<sup>43</sup> This also potentially indicates that Hicreek is shipping Chinese-origin pipe fittings.

Additionally, CBP received information from the [ ] covering Hicreek’s imports into Cambodia during 2019-2020 and exports in 2019-2020.<sup>44</sup> The information indicates that Hicreek imported multiple raw materials from [ ] that were potentially used in the production of its products. The information also indicates that substantial quantities of its imports from [ ] were listed as “[ ]” of various sorts under HS heading [ ], which is the [ ] heading that pipe fittings are classified under.<sup>45</sup> This [ ] category could indicate that Hicreek imported partially or fully-completed pipe fittings from [ ] that it then co-mingled with Cambodian-origin pipe in its exports to the United States. Furthermore, Hicreek imported many different types of machinery from [ ] in [ ], which occurred after it made its first exports of pipe fittings to the United States in [ ].<sup>46</sup> This machinery also arrived well [ ] of the purchase [ ], a copy of which Lino provided in its CF-28 responses.<sup>47</sup>

| <b>Product Description of Exports to U.S.</b> | <b>KG that Hicreek exported to U.S. <sup>48</sup></b> | <b>Product Descriptions of Imports from [ ]</b> | <b>HS Heading of Imports</b> | <b>KG that Hicreek Imported from [ ]<sup>49</sup></b> |
|---|---|---|------------------------------|---|
| Pipe Fittings                                 | [ ]   | [ ]   | [ ]                          | [ ]   |

Lino’s CF-28 responses omitted multiple items that CBP requested. Nevertheless, CBP obtained several new items of record evidence that from multiple other sources. This new record evidence includes additional information on [ ] “Sibo International Limited” [ ] and entry information from the [ ]. In light of recent record evidence, reasonable suspicion exists that Hicreek is exporting co-mingled country-of-origin merchandise to the United States. The record lists two conflicting addresses for the location of Hicreek’s facility, a medical clinic or in the

<sup>40</sup> *Id.* at Attachment 3, Exhibit 2, page 3.

<sup>41</sup> *Id.* at Attachment 3, Exhibit 4.

<sup>42</sup> *Id.* at Attachment 3, Exhibit 1. Specifically, please note the [ ] listed in the exhibit.

<sup>43</sup> *Id.*

<sup>44</sup> See June 29 Memorandum at Attachment 2.

<sup>45</sup> *Id.*

<sup>46</sup> *Id.* at Attachment 2, page 6.

<sup>47</sup> See Lino’s May 20, 2020, CF-28 responses.

<sup>48</sup> See June 29 Memorandum at Attachment 1. This column covers the period of investigation.

<sup>49</sup> *Id.* at Attachment 2. This column covers Hicreek’s imports from [ ] during the period of investigation.

[ ]. Hicreek's imports of [ ] under HS [ ] from [ ] also suggest potential co-mingling of Chinese-origin pipe fittings, and the data shows that Hicreek imported much of its machinery after it already started exporting pipe fittings to the United States. The CF-28 responses show that Hicreek was established in Cambodia shortly after Commerce's preliminary AD/CVD determination on Chinese-origin pipe fittings, and was established by a Chinese producer of subject merchandise. Record evidence also shows that Sibio, a Hong Kong-based exporter of covered merchandise, may be heavily involved in Hicreek's exports to the United States. Finally, the [ ] contributes to a reasonable suspicion.

### *Enactment of Interim Measures*

Based on the record evidence described above, CBP determines that reasonable suspicion exists that Lino imported pipe fittings into the United States from Cambodia that were, in fact, from China and should have been subject to AD/CVD orders A-570-062 and C-570-063. Therefore, CBP is imposing interim measures pursuant to this investigation.<sup>50</sup> Specifically, in accordance with 19 USC 1517(e)(1-3), CBP shall:

- (1) suspend the liquidation of each unliquidated entry of such covered merchandise that entered on or after April 7, 2020, the date of the initiation of the investigation;
- (2) pursuant to the Commissioner's authority under section 504(b), extend the period for liquidating each unliquidated entry of such covered merchandise that entered before the date of the initiation of the investigation April 7, 2020; and
- (3) pursuant to the Commissioner's authority under section 623, take such additional measures as the Commissioner determines necessary to protect the revenue of the United States, including requiring a single transaction bond or additional security or the posting of a cash deposit with respect to such covered merchandise.<sup>51</sup>

In addition, CBP will require live entry and reject any entry summaries that do not comply with live entry and require refiling of entries that are within the entry summary rejection period. CBP will also evaluate Lino's continuous bond to determine its sufficiency. Finally, CBP may pursue additional enforcement actions, as provided by law, consistent with 19 USC 1517(h).

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<sup>50</sup> See 19 USC 1517(e); see also 19 CFR 165.24.

<sup>51</sup> See also 19 CFR 165.24(b)(1)(i-iii).



For future submissions or factual information that you submit to CBP pursuant to this EAPA investigation, please provide a public version to CBP and to the parties identified at the top of this notice.<sup>52</sup> Should you have any questions regarding this investigation, you may contact us at [eapallegations@cbp.dhs.gov](mailto:eapallegations@cbp.dhs.gov) with “EAPA Case 7455” in the subject line of your email. Additional information on this investigation, including the applicable statute and regulations, may be found on CBP’s website at: <https://www.cbp.gov/trade/tradeenforcement/tftea/enforce-and-protect-act-eapa>.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian M. Hoxie". The signature is fluid and cursive, with the first name being the most prominent.

Brian M. Hoxie  
Director, Enforcement Operations Division  
Trade Remedy Law Enforcement Directorate  
CBP Office of Trade

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<sup>52</sup> See 19 CFR 165.4; see also 19 CFR 165.23(c); see also 19 CFR 165.26.