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Re: Notice of Initiation of Investigation and Interim Measures - EAPA Case No. 7352

To the Counsel and Representatives of the above-referenced Entities:

This letter is to inform you that U.S. Customs and Border Protection (CBP) has commenced a formal investigation of Rayson Global, Incorporated (Rayson Global) 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). Specifically, CBP is investigating whether Rayson Global has evaded antidumping duty (AD) order A-570-928¹ on Uncovered Innerspring Units (innersprings) from the People's Republic of China (China) by entering into the United States innersprings of Chinese-origin (covered merchandise) and claiming Thailand as country of origin. Because

¹ See *Uncovered Innerspring Units from the People's Republic of China: Notice of Antidumping Duty Order*, 74 FR 7661 (February 19, 2009) (*AD Order*).

evidence establishes a reasonable suspicion that Rayson Global has entered covered merchandise into the United States through evasion, CBP has imposed interim measures.²

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 prior to the receipt of an allegation” Entry is defined as an “entry for consumption, or withdrawal from warehouse for consumption of merchandise in the customs territory of the United States.”³ Leggett & Platt, Incorporated (Leggett) filed the allegation on July 11, 2019.⁴ CBP acknowledged receipt of the properly filed allegation against Rayson Global on August 29, 2019.⁵ As such, the entries covered by the investigation are those entered for consumption, or withdrawn from warehouse for consumption, from August 29, 2018, through the pendency of this investigation.⁶

Initiation

On September 20, 2019, the Trade Remedy Law Enforcement Directorate (TRLED) within the CBP Office of Trade initiated an EAPA investigation as the result of an allegation submitted by Leggett.⁷ Leggett alleges Rayson Global evaded the *AD Order* on innersprings from China by transshipping covered merchandise through Thailand. According to Leggett, Rayson Global imports covered merchandise from Green Asia Parts Limited (Green Asia). Leggett asserts that Green Asia does not operate a production facility capable of manufacturing innersprings.⁸ According to a market research report, Green Asia operated from []; currently the registered address is the [].⁹ Additionally, its registered address from [].¹⁰ In an affidavit provided by Leggett, a market researcher stated that Green Asia is an [].¹¹ The market researcher also described Green Asia’s transshipment scheme as []¹²

² See 19 USC 1517(e); see also 19 CFR 165.24.

³ See 19 CFR 165.1.

⁴ See Letter from Leggett, “Allegation of Evasion of Antidumping Duty Order on Uncovered Innerspring Units from the People’s Republic of China and Request for EAPA Investigation,” for Rayson Global (July 11, 2019) (Allegation).

⁵ See August 29, 2019 email entitled, “Receipt of EAPA 7352: Transshipment of Uncovered Innersprings Unit from the People’s Republic of China.”

⁶ See 19 CFR 165.2.

⁷ See CBP Memorandum, “Initiation of Investigation for EAPA Case Number 7352 – Rayson Global,” dated September 20, 2019 (Rayson Global Initiation).

⁸ *Id.* at 8.

⁹ *Id.* at page 5, 7, and Appendix B of Exhibit 3.

¹⁰ *Id.* at page 5, 6, and Appendix A of Exhibit 3.

¹¹ *Id.* at Exhibit 4.

¹² *Id.*

Leggett further supports this allegation of transshipment with trade data related to imports and exports by Green Asia. The market researcher reviewed [] import and export records for Green Asia from January to December 2018 and January 2019, finding that it [

]”¹³ Leggett also submitted trade data from [] indicating that Rayson Global imported innersprings from Green Asia with the [] in 2018 and 2019.¹⁴

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.”¹⁵ 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.”¹⁶ Thus, the allegation must reasonably suggest not only that merchandise subject to an AD and/or 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 and/or CVD cash deposits or other security.

In assessing the claims made and evidence provided in the allegation, TRLED found that the allegation reasonably suggests that Rayson Global has engaged in attempts to evade the *AD Order* by importing Chinese-origin innersprings into the United States via Thailand and failing to declare the merchandise as subject to the *AD Order*. Consequently, TRLED initiated the investigation pursuant to 19 USC 1517(b)(1) and 19 CFR 165.15.¹⁷

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. 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 reasonable

¹³ *Id.* at 10 and pages 10 and 11 of Exhibit 3.

¹⁴ *Id.* at Exhibit 2.

¹⁵ See 19 CFR 165.15(b); see also 19 USC 1517(b)(1).

¹⁶ See 19 CFR 165.1; see also 19 USC 1517(a)(5)(A).

¹⁷ See Rayson Global Initiation.

suspicion that Rayson Global entered covered merchandise into the customs territory of the United States through evasion by means of transshipment through Thailand.

CF-28 Responses

On October 2, 2019, as part of the EAPA investigation process, CBP issued a CBP Form 28, Request for Information (CF-28) to Rayson Global on entry no. [REDACTED] 8771 (invoice [REDACTED]), a second CF-28 on entry no. [REDACTED] 0691 (invoice [REDACTED]), and a third CF-28 on entry no. [REDACTED] 5773 (invoice [REDACTED]).¹⁸ CBP requested supporting documentation, *i.e.*, commercial invoices, purchase orders for raw materials, proof of payment, production records, and transportation documents, to substantiate the manufacturer of innersprings. On October 30, 2019, Doris Cheng, of Rayson Global, requested a separate extension for each entry, which CBP granted until November 12, 2019.

On November 13 and 14, 2019, Rayson Global submitted its CF-28 responses.¹⁹ In its CF-28 responses for entry nos. [REDACTED] 0691 and [REDACTED] 5773, Rayson Global provided its invoice and purchase order to Green Asia, and copies of payment via bank wire to [REDACTED]²⁰ and Green Asia.²¹ The responses also included affidavits from Green Asia stating that the innersprings for these entries were manufactured by [REDACTED].²²

Invoices between Green Asia and [REDACTED] were not provided. Rayson Global did submit four documents, written in Thai with no English translation, which appeared to be invoices for steel wire. Two of the documents appeared to reflect steel wire purchases from [REDACTED], and one appeared to reflect a steel wire purchase from [REDACTED].²³ But CBP could not determine the identity of the “purchaser” from these untranslated documents. And in the fourth purported invoice, CBP was unable to identify either the purchaser or the seller.

In the October 2, 2019, CF-28 requests, for each entry, CBP sought the full production records for each corresponding invoice, including the processing records for such steps as steel cutting, blank manufacturing, polishing, etc. CBP also requested a factory profile detailing production capabilities, number of employees, employee time cards, production capacity information, turnaround time on orders, and export documentation. CBP officials analyzed the response for entry no. [REDACTED] 5773 and noted that the total number of units produced during the week of production was exactly equal to the quantity on the corresponding invoice [REDACTED], including

¹⁸ See CF-28’s sent to Rayson Global, dated October 2, 2019.

¹⁹ See Memorandum to the File, “Responses to CF-28 Issued for Entry Nos. [REDACTED] 5773, [REDACTED] 0691, and [REDACTED] 8771,” dated November 14, 2019 (Rayson Global CF-28 Response).

²⁰ See Rayson Global CF-28 Response at Attachment 2. See also Memorandum to the File, “CF-28 Analysis,” dated December 5, 2019 (CF-28 Analysis).

²¹ See Rayson Global CF-28 Response at Attachment 1 and CF-28 Analysis.

²² See Rayson Global CF-28 Response at Attachments 1 and 2. Address also spelled [REDACTED]. See Memorandum from Robert Thommen,

Regional CBP Attaché to Deborah Augustin, Executive Director, Trade Remedy Law Enforcement Division, dated December 7, 2019 (Onsite Visit Memorandum) at 2.

²³ See Rayson Global CF-28 Response at Attachments 1 and 2.

an exact count by product size. It appears that this is not a true production record from the factory but a recreated form showing only what was produced on certain days for invoice []. Similarly, for entry no. []0691, the weekly production record was exactly equal to the quantity on the corresponding invoice [].²⁴

CBP also issued a CF-28 request for entry no. []8771 to Rayson Global. The manufacturer for this entry is listed in CBP's systems as []. However, the purchase order revealed that Rayson Global actually purchased from [].²⁵ The CF-28 response was limited because Rayson Global claimed the manufacturer was no longer in business. Rayson Global included a description of the manufacturing process taken from [] website. For this entry, Rayson Global did not provide the following information that CBP requested: an affidavit from the manufacturer stating the merchandise was manufactured at their facility in Thailand; invoices and transportation documents for all raw materials, including packaging, and point of origin for those raw materials; full production records, including processing records such as steel cutting, blank manufacturing, drawing, polishing, *etc.*; production capabilities, number of employees, employee time cards, production capacity information, turnaround time on orders, and export documentation.²⁶

Preliminary Onsite Visit in Thailand

On December 2, 2019, CBP conducted a preliminary onsite visit to [] locations associated with Green Asia and [].²⁷ Site 1 is the registered business address of [], [], the manufacturer named in Green Asia's affidavit.²⁸ There, CBP found [] companies, [] and [], collectively ([]), engaged in shipping footwear and wearing apparel for an e-commerce business, []. In the Onsite Visit Memorandum, the CBP Attaché noted that there was no evidence of [] manufacturing at this location.²⁹ At Site 2, CBP confirmed the physical location of Green Asia's business registered address, [], and confirmed that a [] operated at the location.³⁰ Site 3 is the location for [], at []. At this location, the CBP Attaché noted it was a [] on a narrow street where no manufacturing or warehousing operations were present.³¹ The person that answered the door was []. She initially denied any knowledge or business relationship with [] or Green Asia. However, she subsequently stated that she ran a [] company and was hired by []/Green Asia to prepare export shipments of [] not

²⁴ *Id.* and CF-28 Analysis.

²⁵ See Rayson Global CF-28 Response at Attachment 3.

²⁶ *Id.*

²⁷ See Onsite Visit Memorandum.

²⁸ See Rayson Global CF-28 Response at Attachments 1 and 2. See also Onsite Visit Memorandum at 2.

²⁹ See Onsite Visit Memorandum at 2.

³⁰ *Id.*

³¹ *Id.*

innersprings.³² Contrary to her assertions to the CBP site visit team, [], signed the affidavit as an employee of Green Asia on November 11, 2019, in Rayson Global's CF-28 Responses.³³

Site 4 is an address associated with [] and there the CBP site visit team was able to interview [], the registered director and shareholder of [].³⁴ [] claimed [] ceased operations around [], and that his business partners returned to China at that time. He could not provide details of the operational history of the company. [] took the CBP site visit team to Site 5, a leased warehouse where he stored the production machinery that he claimed was used to produce the innerspring coils for []. There was one automatic innerspring coil machine and one manual innerspring machine in storage.³⁵

In addition to the information gained during the site visits, CBP officials in Thailand were able to analyze several of the documents that Rayson Global submitted in the Thai language in its CF-28 responses. The Onsite Visit Memorandum at Attachment 2 contains translations by CBP officials of certain documents submitted by Rayson Global for entry no. []5773. The noted discrepancies on the documents are: the tax identification number (tax ID) [] is listed on invoices [] and [] for both [] and its customer [], however a search on the [] has only [] with that tax ID.³⁶ The invoice [] lists [] with tax ID [], however the [] lists [] as the actual company with that tax ID.³⁷ The invoice [] from [] also incorrectly shows [] with the tax ID [] which is actually registered to []. [] business registration filed with the [] demonstrates that the company was registered on [] with the tax ID [].³⁸ The [] directors are [] and [].³⁹ The certification of business registration for [] provided in Rayson Global's CF-28 response was issued November 12, 2019.⁴⁰

Furthermore, CBP was able to acquire Thai trade data that provided import and export volume and value data for Green Asia for 2018 and 2019 for HTS94042920 and HTS94042990, *i.e.*, uncovered innerspring units.⁴¹ The weight and quantity of imports from China for 2018, [] kg and [] units, and January to October 2019, [] kg and [] units

³² *Id.*

³³ See Rayson Global CF-28 Response at Attachments 1 and 2.

³⁴ See Onsite Visit Memorandum at 3.

³⁵ *Id.*

³⁶ See Onsite Visit Memorandum at Attachment 2. See also Rayson Global CF-28 Response at pages 11 and 12 of Attachment 1.

³⁷ See Onsite Visit Memorandum at Attachment 2. See also Rayson Global CF-28 Response at page 14 of Attachment 1.

³⁸ See Onsite Visit Memorandum at Attachment 2. See also Rayson Global CF-28 Response at page 23 of Attachment 1.

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ See Onsite Visit Memorandum at Attachment 3.

equals the weight and quantity of exports to the United States for the same period, which is contemporaneous with the investigation period.⁴²

Other Record Evidence

Rayson Global claimed that the manufacturer for entry no. []8771, [] was no longer in business, however the company's [

] indicates the company is still operating.⁴³

In summary, CBP was unable to corroborate Rayson Global's claim that its imports of innersprings were manufactured in Thailand. As discussed above, Rayson Global submitted documents with multiple discrepancies in its CF-28 responses; Green Asia and [] did not have manufacturing facilities; and Thai trade data confirmed a one-to-one comparison of imports of innersprings from China to Green Asia and exports of innersprings to the United States from Green Asia.

Enactment of Interim Measures

Because of the reasons stated above, TRLED finds that there is reasonable suspicion Rayson Global entered covered merchandise into the customs territory of the United States through evasion by means of transshipment through Thailand.

As interim measures, CBP is directing all unliquidated entries subject to this investigation be rate-adjusted in accordance with the AD order on innersprings from China and that AD cash deposits are owed. Additionally, "live entry" will be required for all future imports by Rayson Global of covered merchandise beginning on the date of this notice, meaning that all entry documents and duties must be provided before cargo is released by CBP into U.S. commerce. CBP will reject any entry summaries that do not comply with live entry and require refiling of entries that are within the entry summary rejection period; suspend the liquidation for any entry that has entered on or after September 20, 2019, the date of initiation of this investigation; and extend the period for liquidation for all unliquidated entries that entered before that date.⁴⁴ CBP will also evaluate Rayson Global's continuous bond and may require single transaction bonds, as appropriate. Finally, CBP may pursue additional enforcement actions, as provided by law, consistent with 19 USC 1517(h).

For any future submissions or factual information to CBP pursuant to this EAPA investigation, please provide a business confidential version and public version to CBP, in addition to providing public versions to all parties to this investigation, including Yohai Baisburd, counsel to Leggett & Platt, Incorporated, at ybaisburd@cassidylevy.com, and Doris Cheng of Rayson Global, Incorporated, at dorisgogo@raysonglobal.com.⁴⁵ Should you have any questions regarding this investigation, please feel free to contact us at eapallegations@cbp.dhs.gov. Please include "EAPA Case Number 7352" in the subject line of your email. Additional information on this investigation,

⁴² *Id.*

⁴³ See Memorandum to the File, "Additional Information," dated December 10, 2019 at Attachment 1.

⁴⁴ See 19 CFR 165.24(b)(1)(i) and (ii).

⁴⁵ See 19 CFR 165.4, 165.23(c), and 165.26.

including the applicable statute and regulations, may be found on CBP's EAPA website, <https://www.cbp.gov/trade/trade-enforcement/tftea/enforce-and-protect-act-eapa>.

Sincerely,

Regina Walton

Regina Walton
Acting Director, Enforcement Operations Division
Trade Remedy & Law Enforcement Directorate
CBP Office of Trade