



**U.S. Customs and
Border Protection**

PUBLIC VERSION

December 9, 2021

Little Fireflies International Co.
NO F108 Ground Floor St Fourtune
Phnom Penh, KH

Nicholas J. Birch
On behalf of the Cast Iron Soil Pipe Institute
Schagrin Associates
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Re: Notice of Initiation of Investigation and Interim Measures - EAPA Case 7624

To Mr. Birch and the Representatives of Little Fireflies International Co.:

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), of Little Fireflies International Co. (Little Fireflies). CBP is investigating whether Little Fireflies evaded the antidumping (AD) and countervailing (CVD) duty orders A-570-062 and C-570-063 on cast iron soil pipe fittings (CISPF) from the People's Republic of China (China) when importing CISPF into the United States.¹ CBP has imposed interim measures because evidence supports a reasonable suspicion that Little Fireflies entered merchandise covered by the AD/CVD orders into the customs territory of the United States through evasion.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 before the receipt of an allegation...." Entry is defined as an "entry, or withdrawal from warehouse for consumption, of merchandise in

¹ 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 Orders*, 83 FR 44570 (August 31, 2018); see also *Cast Iron Soil Pipe Fittings from the People's Republic of China: Countervailing Duty Orders*, 83 FR 44566 (August 31, 2018) (collectively, the AD/CVD orders).

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

the customs territory of the United States.”³ CBP acknowledged receipt⁴ of the properly filed allegation against Little Fireflies on August 13, 2021.⁵ Thus, the entries covered by this investigation are those entered for consumption, or withdrawn from warehouse for consumption, from August 13, 2020, through the pendency of this investigation.⁶

Initiation

The Alleger claims that Little Fireflies acted as the importer of record for certain shipments of covered merchandise on behalf of Allstar Mechanical USA (Allstar). The scope of the AD/CVD orders covers finished and unfinished cast iron soil pipe fittings that have hubs or are hubless.⁷ Covered pipe fittings are nonmalleable cast iron that can be of any size and various designs (e.g., tees, wyes, traps, bends, and drains other than drain bodies). In the case of hubless cast iron soil pipe fittings, covered merchandise may be manufactured to meet the Cast Iron Soil Pipe Institute (CISPI) specification 301 and/or the American Society for Testing and Materials (ASTM) specification A888, although this is not required for the merchandise to be within scope.⁸ While hubless pipe fittings are manufactured without a hub, hub and spigot pipe fittings have several hubs into which the spigot (plain end) of the pipe or fitting is inserted.⁹ According to the orders, covered merchandise can be distinguished from other kinds of nonmalleable cast iron pipe fittings by the manner in which they are connected to cast iron soil pipe (and other fittings).¹⁰ Drain bodies are explicitly excluded from the scope of the orders.¹¹ The Alleger provided [Source] shipment information indicating that Little Fireflies shipped a total of 55 metric tons of “fitting no hub pipe” on behalf of Allstar on March [#] and [#], 2021, and May [#], 2021.¹² The Alleger stated that these shipments were reported to originate in Cambodia.¹³ Additionally, the Alleger noted that the terms “no hub” and “hubless” have been used to describe covered merchandise.¹⁴

The Alleger provided Little Fireflies’ business registration, which indicates that Little Fireflies was incorporated in Cambodia on October 1, 2020.¹⁵ Little Fireflies’ business registration lists

³ See 19 USC 1517(a)(4); see also 19 CFR 165.1.

⁴ See Email from CBP, “Receipt of Properly Filed Allegation (Little Fireflies International Co.),” dated August 27, 2021; see also Email from CBP, “Receipt of Properly Filed Allegation (Little Fireflies International Co.),” dated August 13, 2021.

⁵ The Alleger, the Cast Iron Soil Pipe Institute, is a trade association of domestic producers of cast iron soil pipe fittings and, as such, has standing to submit the Allegation pursuant to 19 USC 1517(a)(6)(A)(iv), 19 CFR 165.1(4), and 19 CFR 165.11(a). See Letter from the Alleger, “Cast Iron Soil Pipe Fittings: Request for an Investigation under the Enforce and Protect Act,” dated July 14, 2021 (the Allegation) at 3 and Exhibit 9.

⁶ See 19 CFR 165.2.

⁷ 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 Orders*, 83 FR 44570 (August 31, 2018); see also *Cast Iron Soil Pipe Fittings from the People’s Republic of China: Countervailing Duty Orders*, 83 FR 44566 (August 31, 2018) (collectively, the AD/CVD orders).

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² See *Allegation at 5 and Exhibit 1*.

¹³ *Id.*

¹⁴ *Id.* at 5.

¹⁵ See *Allegation at 5 and Exhibit 3*.

its director and chairman of the board as Zhang Yuanshou (or Yuanshou Zhang).¹⁶ The Allegor provided screenshots of an archived 2019 website and current website for Dalian Metal I/E Co., Ltd. (Dalian Metal). The 2019 archived website listed Yuanshou Zhang as a sales contact,¹⁷ and the current website lists “Ryan Zhang” as the current Dalian Metal sales contact.¹⁸

The Allegor notes that U.S. importer Lino International Inc. of New York (Lino) has been the subject of a previous EAPA investigation and was found to have evaded the same AD/CVD orders at issue in this investigation by transshipping covered merchandise through Cambodia.¹⁹ In that previous investigation, CBP found that Lino acted as a trade arm for Dalian Metal.²⁰ The Allegor stated that CBP also determined in that prior investigation that Dalian Metal and Dalian Lino FTZ Co. Ltd. (Dalian Lino) are affiliates in China.²¹ The Allegor provided screenshots from 2017 that list Yuanshou Zhang as the sales contact for Dalian Metal and Dalian Lino.²² The Allegor indicated that Dalian Metal and its affiliates were assigned a 58.90 percent AD rate in Commerce’s AD/CVD investigations.²³

During the EAPA Lino investigation, the Cambodian exporter was a company named HiCreek Plumbing Co., Ltd. (HiCreek).²⁴ The Allegor indicated that in March 2019 HiCreek had been registered in Cambodia to an individual named “Qian Zhang.”²⁵ The Allegor noted that CBP found during that investigation that Qian Zhang was also the manager of Qingdao H.R. International Trading Co., Ltd. (Qingdao H.R.), a Chinese exporter of the instant covered merchandise.²⁶ The allegor notes that CBP further determined in the Lino investigation that Qingdao H.R. had multiple connections to HiCreek and likely established HiCreek to avoid paying AD/CVD duties on Chinese CISPF.²⁷

The Allegor claims that Lino and Dalian Metal are active participants in evading the AD/CVD orders. Specifically, the Allegor indicated that in the previous EAPA Lino investigation, CBP determined that Lino registered a company, DLNL Trading Inc. (DLNL), in the United States to import covered merchandise from HiCreek and to evade CBP’s interim measures.²⁸ The Allegor also noted that CBP determined that Dalian Metal and Dalian Lino coordinated between HiCreek and Lino.²⁹ The Allegor claims that Dalian Metal and Lino copied the previous HiCreek evasion

¹⁶ *Id.*

¹⁷ *Id.* at 5 and Exhibit 6.

¹⁸ *Id.* at 5 and Exhibit 7.

¹⁹ *Id.* at 5-6 and Exhibit 4 (containing *Notice of Determination as to Evasion*, EAPA Consolidated Case: 7455 (CBP Feb. 8, 2021) (*NOD EAPA 7455*) at 4-5 and 19-20).

²⁰ *Id.*

²¹ *Id.* at 7 and Exhibit 4 (containing *NOD EAPA 7455* at 7) and Exhibit 5.

²² The Allegor indicated that this information was also provided during AD/CVD investigation at the Department of Commerce (Commerce). See Allegation at 5 and Exhibit 5.

²³ *Id.* at 5-6 and Exhibit 4 (containing *NOD EAPA 7455* at 13).

²⁴ *Id.* at 6 and Exhibit 4 (containing *NOD EAPA 7455* at 5 and 7).

²⁵ *Id.*

²⁶ *Id.* at 6 and Exhibit 4 (containing *NOD EAPA 7455* at 8).

²⁷ *Id.* at 6 and Exhibit 4 (containing *NOD EAPA 7455* at 7).

²⁸ *Id.* at 7 and Exhibit 4 (containing *NOD EAPA 7455* at 12 and 14).

²⁹ *Id.* at 6 and Exhibit 4 (containing *NOD EAPA 7455* at 13).

scheme and had a sales representative register the Little Fireflies company in Cambodia to continue to transship covered merchandise to the United States.³⁰

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.”³¹ 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.”³² 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 also 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 alleged’s claims and evidence provided in its allegations, TRLED found that the allegations reasonably suggested that Little Fireflies entered covered merchandise into the customs territory of the United States and evaded AD/CVD orders A-570-062 and C-570-063 through transshipment. Specifically, the reasonably available evidence the Allegor presented—including [Source] data showing shipments of CISPF from Little Fireflies in Cambodia to the United States, indications of a connection between Little Fireflies’ director and chairman of its board to Dalian Metal, and evidence from past EAPA investigations of attempts by Dalian Metal to avoid payment of AD/CVD duties in a similar way to what is alleged here—reasonably suggests that the Chinese CISPF producer Dalian Metal may be using the Cambodian exporter Little Fireflies to facilitate the transshipment of covered merchandise through Cambodia.³³

Interim Measures

Not later than 90 calendar days after initiating an investigation under EAPA,³⁴ 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.³⁵ 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

³⁰ *Id.* at 7.

³¹ *See* 19 CFR 165.15(b); *see also* 19 USC 1517(b)(1).

³² *See* 19 CFR 165.1; *see also* 19 USC 1517(a)(5)(A).

³³ *Id.* at 5-7 and Exhibits 3,4, 6 and 7.

³⁴ *See* CBP Memorandum, “Initiation of Investigation for EAPA Case 7624,” dated September 3, 2021 (Initiation Memo).

³⁵ *See* 19 CFR 165.24(a).

below, CBP is imposing interim measures because there is reasonable suspicion that Little Fireflies entered covered merchandise into the United States through evasion by means of transshipment.³⁶

Issuance of CF-28 and CF-29

On September 21, 2021, CBP issued a CB Form – 28 (CF-28) request for information to Little Fireflies for two entries of CISPF.³⁷ Little Fireflies failed to respond to the CF-28. On October 28, 2021, CBP issued CBP Form – 29 (CF-29) to Little Fireflies, advising the importer to respond to the CF-29 within 20 days, *i.e.*, by November 17, 2021, otherwise CBP would change the entry to a type 03 entry and charge AD/CVD duties. As a result, in response to the CF-29, Little Fireflies provided one document, a CBP 3461 form for “Entry/Immediate Delivery,” for each entry.³⁸ Little Fireflies failed to provide for both entries the following requested items by the established deadline or explain its failure to do so:

1. Purchase orders, commercial invoices, and proof of payment for all raw materials used to produce the merchandise
2. Dated transportation documents and 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 timecards, and work orders
5. Production capabilities and packaging costs
6. Entry transaction information including the original commercial invoice(s), proof of payment(s), and purchase order
7. Whether Little Fireflies was related to the seller of the merchandise
8. The names of their corporate officers
9. The names of all forwarding agents, subcontractors, and intermediaries involved and their contact information

Although Little Fireflies failed to submit a CF-28 response, and its CF-29 response omitted most information that CBP requested, CBP learned certain information about the company via communication with its broker and online research. Little Fireflies’ broker indicated that contact information for Little Fireflies included [name] (email address [email address]) and [name] (no email address given).³⁹ Per CBP research, the official company registration for Cambodia identifies Little Fireflies as a wholesaler of construction materials and tools and lists Little Fireflies’ Chairman of the Board of Directors as Zhang Yuanshou with an address in Dalian City, China.⁴⁰ Therefore, the correspondence with the broker confirms the Allegor’s claim that Little Fireflies is affiliated with [company name] and its [position].

³⁶ *Id.*

³⁷ See CF-28 sent to Little Fireflies, dated April 22, 2021. The entries are [#]4294 and [#]2271.

³⁸ See Little Fireflies’ Response to the CF-29, dated October 28, 2021 (Little Fireflies CF-29 Response).

³⁹ See Memorandum to the File “Adding Information to the Administrative Record,” dated December 1, 2021 (December 1 Memorandum) at Attachment 1.

⁴⁰ See December 1 Memorandum at Attachment 2. CBP previously found that [name], also known as [name], was a salesperson for Lino affiliate [company name] and that [name] was involved in previous evasion schemes. See also December 1 Memorandum at Attachment 3 at 4, 6, 9, and 16.

Because Little Fireflies provided no information to contradict record evidence, as detailed in the Allegation, CBP finds that there is reasonable suspicion that Little Fireflies is transshipping CISPF through Cambodia to the United States.

Enactment of Interim Measures

Based on the record evidence described above, CBP determines that reasonable suspicion exists that Little Fireflies imported CISPF into the United States from Cambodia that was, 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.⁴¹ 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 September 3, 2021, 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 September 3, 2021; 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.⁴²

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

For future submissions or factual information that you submit to CBP pursuant to this EAPA investigation, please provide a business confidential version and public version to CBP and serve the public versions on the parties to this investigation.⁴³ Public versions of administrative record documents will be available via the EAPA Portal: <https://eapallegations.cbp.gov>.

⁴¹ See 19 USC 1517(e); see also 19 CFR 165.24.

⁴² See also 19 CFR 165.24(b)(1)(i-iii).

⁴³ See 19 CFR 165.4; see also 19 CFR 165.23(c); see also 19 CFR 165.26.

Should you have any questions regarding this investigation, you may contact us at eapallegations@cbp.dhs.gov with “EAPA Case 7624” 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/trade-enforcement/tftea/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