



PUBLIC VERSION

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VIA EMAIL

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RE: Notice of Initiation of Investigation and Interim Measures – EAPA Consolidated Case
Number 7785

Dear Counsel and/or Representatives for the above-referenced Entities:

The purpose of 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). CBP is investigating whether LDL Trading Company (LDL Trading) is evading antidumping duty (AD) and countervailing duty (CVD) orders A-570-079¹ and C-570-080,² respectively, on cast iron soil pipe (CISP) from the People's Republic of China (China) and AD and CVD orders A-570-062³ and C-570-063,⁴ respectively, on cast iron soil pipe fittings (CISPF) from China. Based on a review of available information, CBP has determined there is reasonable suspicion that LDL Trading entered CISP and CISPF (collectively, covered merchandise) for consumption

¹ See *Cast Iron Soil Pipe From the People's Republic of China: Antidumping Duty Order*, 84 Fed. Reg. 19,035 (May 3, 2019) (*CISP AD Order*).

² See *Cast Iron Soil Pipe From the People's Republic of China: Countervailing Duty Order*, 84 Fed. Reg. 19,039 (May 3, 2019) (*CISP CVD Order*).

³ 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 Fed. Reg. 44,570 (August 31, 2018) (*CISPF AD Order*).

⁴ See *Cast Iron Soil Pipe Fittings From the People's Republic of China: Countervailing Duty Order*, 83 Fed. Reg. 44,566 (August 31, 2018) (*CISPF CVD Order*).

into the customs territory of the United States through evasion; therefore, CBP is issuing a formal notice of investigation (NOI) and imposing the interim measures, as outlined below.⁵

Period of Investigation

Pursuant to 19 C.F.R. § 165.2, entries covered by an EAPA investigation “are those entries of allegedly covered merchandise made within one year before the receipt of an allegation....” Entry is defined as an “entry, or withdrawal from warehouse for consumption, of merchandise in the customs territory of the United States.”⁶ The Cast Iron Soil Pipe Institute (Alleger) filed separate EAPA allegations against LDL Trading for its entries of CISP and CISPF on October 4, 2022.⁷ CBP acknowledged receipt of the properly filed EAPA allegations against LDL Trading on October 5, 2022.⁸ The entries covered by this investigation are those entered for consumption, or withdrawn from warehouse for consumption, from October 5, 2021, through the pendency of this investigation.⁹

Consolidation of Investigations

CBP is consolidating EAPA investigations 7785 (CISP) and 7786 (CISPF) into a single investigation. The consolidated case number will be 7785, and a single administrative record will be maintained. At its discretion, CBP may consolidate multiple allegations against one or more importers into a single investigation, pursuant to 19 C.F.R. § 165.13(b), which provides that the factors that CBP may consider in consolidating multiple allegations include, but are not limited to, whether the multiple allegations involve: 1) relationships between the importers; 2) similarity of covered merchandise; 3) similarity of AD/CVD orders; and 4) overlap in time periods of entries of covered merchandise.¹⁰ These investigations involve the same importer, LDL Trading, whose entries fall within the same period of investigation.¹¹ In addition, LDL Trading is alleged to be entering merchandise that is subject to the AD/CVD orders on CISP and CISPF, which encompass cast iron steel products that are commonly connected to one another.¹² In fact, data on shipments entering the United States and received by LDL Trading shows that some of the shipments consisted of both CISP and CISPF.¹³ Moreover, LDL Trading is alleged to import Chinese-origin CISP and CISPF that is transshipped through Malaysia and potentially

⁵ See 19 U.S.C. § 1517(b)(1) (noting that the information provided in the allegation must “reasonably suggest” evasion to initiate an investigation); *id.* § 1517(e), 19 C.F.R. § 165.24 (noting that the “reasonable suspicion” standard must be satisfied to implement interim measures).

⁶ See 19 U.S.C. § 1517(a)(4); *see also* 19 C.F.R. § 165.1.

⁷ See Letters from the Alleger, “Cast Iron Soil Pipe: Request for an Investigation under the Enforce and Protect Act” (Oct. 4, 2022) (CISP Allegation) and “Cast Iron Soil Pipe Fittings: Request for an Investigation under the Enforce and Protect Act” (Oct. 4, 2022) (CISPF Allegation).

⁸ See Emails from CBP, “EAPA 7785 – Receipt of Properly-Filed Allegation” (Oct. 5, 2022) and “EAPA 7786 – Receipt of Properly-Filed Allegation” (Oct. 5, 2022).

⁹ See 19 C.F.R. § 165.2.

¹⁰ See *also* 19 U.S.C. § 1517(b)(5).

¹¹ See, e.g., CISP Allegation and CISPF Allegation at 1 and Exhibit 1.

¹² *Id.* at 1; *see also* CISP AD Order, 84 Fed. Reg. at 19,036 and CISP CVD Order, 84 Fed. Reg. at 19,040 (each noting that “{c}ast iron soil pipe is generally distinguished from other types of nonmalleable cast iron pipe by the manner in which it is connected to cast iron soil pipe fittings”), and CISPF AD Order, 83 Fed. Reg. at 44,570 and CISPF CVD Order, 83 Fed. Reg. at 44,566 (each noting that “{c}ast iron soil pipe fittings are generally distinguished from other types of nonmalleable cast iron fittings by the manner in which they are connected to cast iron soil pipe and other fittings.)

¹³ See CISP Allegation and CISPF Allegation at Exhibit 1.

misclassified to evade AD/CVD duties.¹⁴ Because factors warranting consolidation are present in these investigations, CBP is consolidating them and hereby provides notice pursuant to 19 C.F.R. § 165.13(c). We note that the deadlines for this consolidated investigation will be set from the date of initiation of EAPA investigations 7785 and 7786.

Initiation

On October 27, 2022, the Trade Remedy Law Enforcement Directorate (TRLED) within the CBP Office of Trade initiated investigations under EAPA based on the allegations submitted by the Allegor regarding the evasion of AD/CVD duties by LDL Trading.¹⁵ The Allegor asserted that available information reasonably suggested LDL Trading imported Chinese-origin CISP and CISPF that was subject to the AD/CVD orders on CISP and CISPF but entered as products of Malaysia to evade the orders.

Description of the Alleged Transshipment Scheme

The Allegor claims that LDL Trading has multiple links to its “apparent affiliate,” Copperfit Industries (also known as CFI Industries) (Copperfit).¹⁶ The Allegor argues that LDL Trading appears to function only as an importer of record for goods sold by Copperfit.¹⁷ The Allegor further indicates that Winfield Products (Winfield) is a doing business as name for Copperfit and that Winfield’s address is the same as LDL Trading’s address in the [*source*] data.¹⁸ Thus, the Allegor contends that it appears that LDL Trading is a corporate mask for Copperfit’s use to import Chinese-origin CISP and CISPF.¹⁹

Citing [*source*] data on shipments entering the United States, the Allegor contends that Vanguard Metal Fabrication Sdn. Bhd. (Vanguard), a Malaysian company, shipped over 1,000 metric tons of CISP and CISPF to LDL Trading from October 2021 through August 2022.²⁰ According to the Allegor, the only activity that could be found for LDL Trading was the receipt of shipments from Vanguard.²¹ The Allegor argues that LDL Trading may have served as the importer of record for some or all of the Vanguard CISP and CISPF shipments, and, therefore, argues that LDL Trading may be a corporate front that was established to mask the ultimate customer of the Chinese-Origin CISP and CISPF – that is, Copperfit– and acts as the importer of record to protect Copperfit, the actual party behind the evasion, in order to further its transshipment scheme.²²

¹⁴ *Id.* at 1-2 and 6.

¹⁵ See CBP Memoranda, “Initiation of Investigation for EAPA Case Number 7785” (Oct. 27, 2022) and “Initiation of Investigation for EAPA Case Number 7786” (Oct. 27, 2022).

¹⁶ See CISP Allegation and CISPF Allegation at 1, 4-5, and Exhibit 6.

¹⁷ *Id.* at 5.

¹⁸ *Id.* at 4 and Exhibits 1, 5, and 6.

¹⁹ *Id.* at 5.

²⁰ See CISP Allegation at 3-4 and Exhibit 1 and CISPF Allegation at 4 and Exhibit 1. While the Allegor states that “June 2022” is the end date of the shipment period in its narrative, the [*source*] data show shipments from Vanguard to LDL Trading in August 2022. Some of the shipments in the [*source*] data in Exhibit 1 reflect a mix of CISP and CISPF.

²¹ *Id.* at 4.

²² *Id.* at 4-5.

The Alleger asserts that certain “Cast Iron Pipe” shipments listed in the [*source*] data for LDL Trading are listed under Harmonized Tariff Schedule (HTS) Code 7303.00 and that “Cast Iron Pipe Fitting{s}” are listed under HTS Code 7307.11, and that both HTS numbers are included in the scope of the AD/CVD orders on CISP and CISPF from China.²³ In addition, the Alleger indicates that some shipments of CISP are labeled as “Cast Iron Pipe” and are listed under HTS code 7307.19, and argues that this may be evidence of misclassification as it may demonstrate LDL Trading’s further attempt to disguise the merchandise received from Vanguard.²⁴ The HTS number listed in the scope of the AD and CVD orders on CISP from China is 7303.00.0030,²⁵ so classification of CISP under HTS code 7307.19 would constitute misclassification.

The Alleger claims that the establishment of Vanguard, LDL Trading’s supplier of CISP and CISPF according to the [*source*] data,²⁶ appears to be the same as in other recent EAPA investigations involving evasion of the CISP and CISPF orders where CBP found that a Chinese producer set up a company in a third country, using a Chinese employee as the incorporator and director for the third-country party, to mask transshipment of covered merchandise from China through the third-country “producer.”²⁷ In support of this, the Alleger points out that Vanguard’s business registration lists one shareholder, Peng Liu, and two board members, Peng Liu (director) of China and Lim Saw Im (director and secretary) in Malaysia.²⁸ Therefore, the Alleger argues, it is obvious that a Chinese national owns and controls Vanguard.²⁹ Moreover, the Alleger asserts that Peng Liu, the Chinese national, appears to be the same individual as Flora Liu, who describes herself on her LinkedIn profile as a salesperson for Sandstein Industries Co., Ltd. (Sandstein), discussed below, since 2016.³⁰

The Alleger states that Vanguard’s website offers “No Hub Cast Iron Pipe,” “Cast Iron Fittings,” and “Cast Iron Drains,” and that Vanguard’s product catalog lists “Cast Iron Soil Pipe Products” like “Hubless Pipe” and “Hubless Fittings.”³¹ Vanguard also claims on its website that it has been in production “{o}ver the years.”³² However, Vanguard’s business registration shows that the company was incorporated in November 2019,³³ not long after the Department of Commerce’s final determinations in the AD/CVD investigations on CISPF³⁴ and preliminary determinations in the AD/CVD investigations on CISP.³⁵

²³ *Id.* at 6 and Exhibit 1. As noted above, some of the shipments in the [*source*] data reflect both CISP and CISPF.

²⁴ *Id.*

²⁵ See CISP Allegation at Exhibit 9 (containing *CISP AD Order* and *CISP CVD Order*).

²⁶ See CISP Allegation and CISPF Allegation at Exhibit 1.

²⁷ See CISP Allegation at 7-8 and 12 and CISPF Allegation at 8 and 12, each citing, as an example, CBP Memorandum, “Notice of Determination as to Evasion” for EAPA Case 7624 (Jul. 8, 2022) at 3 and 5.

²⁸ *Id.* at 7 and Exhibit 2, pages 3-4.

²⁹ *Id.* at 7.

³⁰ *Id.* at 11-12 and Exhibit 8.

³¹ *Id.* at 6 and Exhibit 3, pages 6, 22, and 24. The Alleger notes that at the time of the allegations, Vanguard’s website appeared to be down, and that it did not know if the website was taken down permanently or if temporary issues were affecting the website’s accessibility.

³² See CISP Allegation at 6 and Exhibit 3, page 3 and CISPF Allegation at 6-7 and Exhibit 3, page 3.

³³ See CISP Allegation at 6 and Exhibit 2, page 1 and CISPF Allegation at 7 and Exhibit 2, page 1.

³⁴ See CISP Allegation at 6-7 and CISPF Allegation at 7, each citing *CISPF AD Order* and *CISPF CVD Order*.

³⁵ *Id.*, each citing *Cast Iron Soil Pipe From the People’s Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 83 Fed. Reg. 44,567 (August 31, 2018) and *Cast Iron Soil Pipe From the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 83 Fed. Reg. 30,914 (July 2, 2018).

Vanguard’s website also contains various pictures of CISP and CISPF production and claims that its products are “Made in Malaysia.”³⁶ However, the Alleger contends, Vanguard’s website does not depict production in Malaysia, but production in China by its apparent Chinese parent company, Sandstein (also known as Shanxi Tianzhu Industrial Co., Ltd.).³⁷ The Alleger states that Sandstein, which was established in 1998 in Taiyuan, China, offers various cast iron products, including “Hubless Pipe and Fitting.”³⁸ Comparing the photographs on Vanguard’s and Sandstein’s websites, the Alleger argues that Vanguard obtained the photographs on its website from Sandstein.³⁹ Specifically, the Alleger asserts that the photographs on both companies’ home pages, which depict a worker pouring molten metal are identical, except for slightly different cropping.⁴⁰ The Alleger argues that the other photographs on Vanguard’s website, although different from photographs on Sandstein’s website, depict the same production and workers.⁴¹

The Alleger argues that Vanguard’s website contains other evidence demonstrating that it does not produce merchandise in Malaysia.⁴² The Alleger asserts there are pictures of CISP on Vanguard’s website showing a date of “2010/10/15,” which is almost a decade before Vanguard’s establishment in 2019.⁴³ In addition, the Alleger contends that pictures of CISPF on Vanguard’s website portray fittings clearly marked as made in “China.”⁴⁴ Therefore, the Alleger concludes that rather than showing merchandise “Produced in Malaysia” as Vanguard declares, its website is indicative of production only in China, which suggests that Vanguard has no production in Malaysia.⁴⁵

Lastly, the Alleger maintains that Qingdao Grande Credit Management Consulting Co., Ltd., a Chinese source providing information on export activities for some producers in Shanxi Province, contains further evidence of evasion.⁴⁶ That source lists Sandstein’s primary export market in 2019 as Malaysia, which, the Alleger contends, supports the conclusion that Sandstein shifted the shipment of its products through Vanguard in Malaysia.⁴⁷

In conclusion, the Alleger argues the fact that Vanguard uses duplicate and unique photographs taken from Sandstein’s operations in China and was registered and is owned and directed by an individual from China who appears to be a salesperson for Sandstein, along with other evidence discussed above (*e.g.*, Vanguard’s date of establishment) undercuts Vanguard’s claims of production in Malaysia and supports the conclusion that Vanguard did not produce the CISP and

³⁶ See CISP Allegation at 6 and Exhibit 3 and CISPF Allegation at 6-7 and Exhibit 3.

³⁷ *Id.* at 1 and 8.

³⁸ *Id.* at 8 and Exhibit 7.

³⁹ *Id.* at 9-11.

⁴⁰ *Id.* at 9, Exhibit 3, page 2 and Exhibit 7, page 1.

⁴¹ *Id.* at 10-11, Exhibit 3, pages 3 and 10, and Exhibit 7, pages 3 and 8-12.

⁴² *Id.* at 12.

⁴³ *Id.* at 12 and Exhibit 3, pages 13-14.

⁴⁴ *Id.* at 12 and Exhibit 3, pages 15-21.

⁴⁵ *Id.* at 12.

⁴⁶ *Id.*

⁴⁷ *Id.* at 12 and Exhibit 7, pages 13-16. The Alleger notes that Sandstein is listed under its Chinese name, Shanxi Tianzhu Industrial Co., Ltd.

CISPF it shipped to LDL Trading in the United States, but transshipped the Chinese-origin covered merchandise from Sandstein through Malaysia.⁴⁸

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.”⁴⁹ 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.”⁵⁰ Thus, the allegation must reasonably suggest not only that the importer alleged to be evading entered merchandise covered by 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 claims made and evidence provided in the allegations, TRLED found the allegations reasonably suggested that LDL Trading has engaged in attempts to evade AD order A-570-079 and CVD order C-570-080 on CISP from China and AD order A-570-062 and CVD order C-570-063 on CISPF from China by transshipping Chinese-origin CISP and CISPF through Malaysia and potentially misclassifying such merchandise, and by failing to declare the merchandise as subject to those AD/CVD orders. Specifically, the Allegor submitted documentation reasonably available to it, including [*source*] data showing shipments of “Cast Iron Pipe” and “Cast Iron Pipe Fitting{s}” from Vanguard in Malaysia to LDL Trading; the use of HTS code 7307.19 for some shipments of “Cast Iron Pipe” (per the [*source*] data) not listed in the scope of the AD/CVD orders on CISP from China, which may be evidence of misclassification; information showing that Vanguard is owned and controlled by a Chinese national who is a salesperson for Sandstein – a Chinese manufacturer of cast iron products; photographs from Vanguard’s website that are identical to or show the same production and workers as photographs on Sandstein’s website; pictures from Vanguard’s website of CISP that predate its establishment by nearly a decade; pictures from Vanguard’s website of CISPF that are plainly marked as made in “China;” and the date that Vanguard was established, which was not long after the Department of Commerce’s final determinations in the AD/CVD investigations on Chinese-origin CISPF and preliminary determinations in the AD/CVD investigations on Chinese-origin CISP. Consequently, TRLED initiated investigations pursuant to 19 U.S.C. § 1517(b)(1) and 19 C.F.R. § 165.15.

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

⁴⁸ *Id.* at 12-13.

⁴⁹ See 19 C.F.R. § 165.15(b); see also 19 U.S.C. § 1517(b)(1).

⁵⁰ See 19 U.S.C. § 1517(a)(5); see also 19 C.F.R. § 165.1 (setting forth the definition of “evasion”).

sufficient evidence to support a reasonable suspicion that the importer alleged to be evading entered merchandise covered by an AD and/or CVD order into the United States by a materially 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. If reasonable suspicion exists, CBP will impose interim measures pursuant to 19 U.S.C. § 1517(e) and 19 C.F.R. § 165.24. As explained below, CBP is imposing interim measures because, based on the record evidence, there is reasonable suspicion that LDL Trading entered covered merchandise of Chinese origin into the customs territory of the United States through evasion by means of transshipment through Malaysia.

Preliminary On-site Visits

On October 27, 2022, CBP officials conducted site visits to two addresses associated with Vanguard in Malaysia.⁵¹ The CBP team observed that the facility at the first address⁵² appeared to be a plastics company, and the only other facility in the general vicinity appeared to be a chemical company.⁵³ The CBP team did not see anyone at either facility's gate, and did not observe or hear any significant manufacturing activity.⁵⁴ With respect to the second address visited that day,⁵⁵ GPS mapping directed the CBP team to a gated industrial complex that housed numerous companies, where each building had its own numbering and lettering; however, none bore the "2518-B" in Vanguard's address.⁵⁶ Rather, GPS mapping led the CBP team to a single, unmarked door raised above the ground; that location bore no evidence of being a cast iron pipe production facility.⁵⁷

The following day, October 28, 2022, CBP officials conducted site visits to two other addresses associated with Vanguard.⁵⁸ Upon visiting the first address,⁵⁹ the CBP team learned that Vanguard was not located in that building.⁶⁰ A woman from that building informed a CBP official that her company, Wong Liu & Partners Chartered Accountants, handles all of Vanguard's paperwork for Malaysia, and that Vanguard consisted of only two individuals, one Chinese national located in China and a partner located in the United States.⁶¹ At the second

⁵¹ See CBP Memorandum, "EAPA Case Nos. 7785/7786 – Site Visit" (Nov. 15, 2022) (Site Visit Memorandum) at 1 and Attachment 1.

⁵² The first address, which is Vanguard's "Business Address" according to Vanguard's business registration, was Lot 103, Lorong Perusahaan Dua, Prai Industrial Estate, Prai, Pulau Pinang, Malaysia 13600. See CISP Allegation and CISPF Allegation at Exhibit 2.

⁵³ See Site Visit Memorandum at Attachment 1.

⁵⁴ *Id.*

⁵⁵ The second address, which was listed in the [*source*] data as Vanguard's shipping address, was 2518-B, Lorong Perusahaan 2, Kawasan Perusahaan Bebas Perai, Perai, Pulau Pinang, Malaysia 13600. See CISP Allegation and CISPF Allegation at Exhibit 1.

⁵⁶ See Site Visit Memorandum at Attachment 1.

⁵⁷ *Id.*

⁵⁸ See Site Visit Memorandum at 1 and Attachment 2.

⁵⁹ The first address, which is Vanguard's "Registered Address" according to Vanguard's business registration, was 60 Sri Bahari Road, George Town, Pulau Pinang, Malaysia 10050. See CISP Allegation and CISPF Allegation at Exhibit 2.

⁶⁰ See Site Visit Memorandum at Attachment 2.

⁶¹ *Id.*

address,⁶² the CBP team found a multi-story residential building in a modest location; a CBP official observed that the mailbox for that address was empty, rusted, and dusty,⁶³ suggesting the mailbox, and by association that address, had not been used or visited for some time.

In short, CBP did not find a factory for Vanguard at any of the locations it visited.

CF-28 Responses

On November 9, 2022, CBP issued CBP Form 28 (CF-28) requests for information to LDL Trading for two entries, [#]0523 and [#]0987.⁶⁴ In the CF-28s, CBP requested that LDL Trading provide bills of lading, purchase orders, commercial invoices, and proof of payment for the imported merchandise. In addition, CBP requested that LDL Trading provide the following from the foreign manufacturer: purchase orders, commercial invoices, mill test certificates, dated transportation documents, foreign customs documentation, and proof of payment for all raw materials used to produce the CISP and CISPF shipped to the U.S.; complete factory production records, including stamped timecards and work orders; a description and photographs of production equipment, and information about production capacity of all equipment; packaging costs and information; and information about the factory.

On December 26, 2022, LDL Trading provided a response to the CF-28 for entry [#]0523, and on January 9, 2023, LDL Trading submitted its response to the CF-28 for entry [#]0987.⁶⁵ LDL Trading submitted the following documents for both entries: Vanguard employee timecards; Vanguard cast iron pipe production procedure spreadsheet; Vanguard electricity invoices; mill test certificates; letter about Vanguard ownership; Vanguard packing cost spreadsheet; raw material invoices for pig iron; bank statements showing withdrawals for the raw material invoices; purchase orders from LDL Trading to Vanguard; and production records.⁶⁶ In addition, for entry [#]0523, LDL Trading provided two production videos, and for entry [#]0987, the importer provided the Vanguard invoice, packing list, and a pipe quality control report.⁶⁷ Some of the documentation provided was limited, *e.g.*, the production records showed only the date, machine number, size (diameter) and length of the cast iron pipe, weight, planned quantity, and finished quantity.⁶⁸ Additionally, LDL Trading did not submit all the requested documentation, such as bills of lading and proof of payment for the imported merchandise; the commercial invoice from Vanguard to LDL Trading for entry [#]0523; Vanguard's purchase orders for the raw materials; dated transportation documents and foreign customs documents for the raw materials; and information about the production equipment and its capacity for CISPF.⁶⁹

⁶² The second address, 46-15-16, Jalan Van Praagh, 11600 George Town, Pulau Pinang Malaysia, is listed in Vanguard's business registration as the address for Lim Saw Im, Vanguard's director and secretary. *See* CISP Allegation and CISPF Allegation at Exhibit 2.

⁶³ *See* Site Visit Memorandum at Attachment 2.

⁶⁴ *See* CBP CF-28 for Entry [#]0523 (Nov. 9, 2022) and CF-28 for Entry [#]0987 (Nov. 9, 2022).

⁶⁵ *See* LDL Trading's CF-28 responses for Entry [#]0523 (Dec. 26, 2022) (CF-28 Response for Entry [#]0523) and Entry [#]0987 (Jan. 9, 2023) (CF-28 Response for Entry [#]0987).

⁶⁶ *Id.*

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ *Id.*

CBP observed the following from the documentation and information that LDL Trading did submit. Although Vanguard’s cast iron pipe production procedure spreadsheet contains information for [#] different machines and indicates the first step of the production process is molten iron smelting, its production videos do not appear to show the entire production process, particularly the smelting process.⁷⁰ In addition, LDL Trading provided raw material invoices for pig iron, but not for any other raw materials.⁷¹ CBP also observed, based on a search of the Internet and a Google Maps search, that the address for the entity named on the pig iron raw material invoices, [*name of company*], appears to be for a bus stop rather than a building, and the entity itself has no Internet-based evidence of existence.⁷²

In addition, CBP noted that the address for LDL Trading on its purchase orders to Vanguard and on Vanguard’s invoice and packing list to LDL Trading for entry [#]0987⁷³ is virtually identical to the address for Winfield, which, as noted above, is a doing business as name for Copperfit.⁷⁴ Moreover, the address on those same documents for Vanguard appears to be an amalgamation of the two addresses that CBP officials visited on October 27, 2022, while conducting site visits at which they found no factory present for Vanguard.⁷⁵

Furthermore, CBP observed that for entry [#]0987, LDL Trading’s purchase order to Vanguard and the invoice and packing list from Vanguard to LDL Trading indicate that Vanguard sold both “cast iron pipes” and “cast iron fittings” to LDL Trading.⁷⁶ However, CBP systems show that LDL Trading entered the pipe under HTS number [#] and the pipe fittings under HTS number [#].⁷⁷ The HTS number listed in the scope of the AD and CVD orders on CISP from China is 7303.00.0030,⁷⁸ and the HTS numbers included in the scope of the AD and CVD orders on CISPF from China are 7307.11.0045, 7324.29.0000 and 7307.92.3010.⁷⁹ Since neither HTS number used by LDL Trading for this entry is in the scope of the AD/CVD orders on CISP and CISPF from China, it appears that LDL Trading misclassified the merchandise.

Similarly, for entry [#]0523, the two purchase orders provided by LDL Trading in its CF-28 response show that the entry contained both pipe fittings and cast iron pipe.⁸⁰

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² *Id.* The address on the raw material invoices is [*address*]. See CBP Memorandum, “EAPA Cons. Case No. 7785 – Information Regarding Raw Material Supplier” (Feb. 1, 2023).

⁷³ The address for LDL Trading on these documents is 1689 Mission Blvd., Pomona, CA 91766.

⁷⁴ Winfield’s address is 1689 E. Mission Blvd., Pomona, CA 91766. See CISP Allegation and CISPF Allegation at Exhibit 5. As noted above, Winfield is a doing business as name for Copperfit; the Allegor contends Copperfit is LDL Trading’s “apparent affiliate” and that LDL Trading appears to serve only as an importer of record for goods sold by Copperfit.

⁷⁵ The address shown for Vanguard on those documents is 2518-B, Lorong Perusahaan 2, Prai Industrial Estate, 13600, Perai, Penang, Malaysia. As noted above, the two addresses at which CBP officials conducted site visits on October 27, 2022, were Lot 103, Lorong Perusahaan Dua, Prai Industrial Estate, Prai, Pulau Pinang, Malaysia 13600 and 2518-B, Lorong Perusahaan 2, Kawasan Perusahaan Bebas Perai, Perai, Pulau Pinang, Malaysia 13600.

⁷⁶ See CF-28 Response for Entry [#]0987.

⁷⁷ See DC NTAC EAPA Receipt Report for EAPA 7785 (Oct. 14, 2022) (Receipt Report for EAPA 7785) and DC NTAC EAPA Receipt Report for EAPA 7786 (Oct. 21, 2022) (Receipt Report for EAPA 7786).

⁷⁸ See *CISP AD Order*, 84 FR at 19,036 and *CISP CVD Order*, 84 FR at 19,040.

⁷⁹ See *CISPF AD Order*, 83 FR at 44,570 and *CISPF CVD Order*, 83 FR at 44,566.

⁸⁰ See CF-28 Response for Entry [#]0523.

Nevertheless, CBP systems show that LDL Trading entered both the pipe fittings and cast iron pipe on one line rather than properly listing them on separate line numbers.⁸¹ Additionally, CBP systems demonstrate that LDL Trading entered both the pipe fittings and cast iron pipe under HTS number [#],⁸² which is not an HTS number listed in the scope of the AD/CVD orders on CISP and CISPF from China, suggesting misclassification.

Cargo Examinations

On November 23, 2022, CBP conducted a cargo examination of the merchandise contained in entry [#]8081. Photographs demonstrate that the merchandise consisted of cast iron pipes.⁸³ Because there were no country-of-origin markings on the merchandise, CBP issued a marking notice (CBPF4647) to LDL Trading on November 28, 2022, requiring that country-of-origin markings be placed on all items.⁸⁴ The pipe was marked “Made in Malaysia,” and CBP accepted LDL Trading’s country-of-origin markings.⁸⁵ CBP observed that Copperfit was involved in the process of marking the pipe and referred to the shipment as its own. Specifically, [*name of person*] of Copperfit wrote the following in an email to CBP: “I would like to file an extension on our shipment [*shipment identifier*] for Entry # [#]8081 due to the delay on the revision of country of origin marking. Since we just received the approval on COO marking, it will take us about another 2 weeks to complete the remarking on the whole shipment....”⁸⁶ The reference by Copperfit to “our shipment” lends credence to the Alleger’s contention that LDL Trading was established as a corporate mask for Copperfit.

CBP also conducted a cargo examination of the merchandise contained in entry [#]8123 on November 23, 2022. CBP took photographs of the cargo and observed that it consisted primarily of cast iron products,⁸⁷ specifically, floor drains.⁸⁸ Like the other entry subject to cargo examination, no country-of-origin markings were found on any of the products in entry [#]8123. Therefore, CBP issued a marking notice to LDL Trading on November 23, 2022.⁸⁹ LDL Trading added “Made in Malaysia” to the packaging, and CBP approved the importer’s country-of-origin markings.⁹⁰ CBP observed that Copperfit’s name appeared on boxes holding the product.⁹¹ Again, this supports the contention that LDL Trading was set up to as a corporate front for Copperfit.

While entry [#]8081 consisted of cast iron pipes and [#]8123 contained other products, primarily cast iron floor drains, CBP noted that both entries were made under the same

⁸¹ See Receipt Report for EAPA 7785 and Receipt Report for EAPA 7786.

⁸² *Id.*

⁸³ See CBP Memorandum, “EAPA Cons. Case No. 7785 – Cargo Examination for Entry [#]8081” (Jan. 25, 2023) (Cargo Exam Memorandum for Entry [#]8081) at Attachment 1.

⁸⁴ *Id.* at Attachment 2.

⁸⁵ *Id.* at Attachment 3.

⁸⁶ *Id.*

⁸⁷ See CBP Memorandum, “EAPA Cons. Case No. 7785 – Cargo Examination for Entry [#]8123” (Jan. 25, 2023) (Cargo Exam Memorandum for Entry [#]8123) at Attachment 1. Based on entry documentation and CBP’s observations during the cargo examination, this entry also included some non-covered merchandise, [*description of merch.*]. *Id.*

⁸⁸ *Id.* CBP notes that floor drains may not be covered by the AD/CVD orders on CISPF from China.

⁸⁹ *Id.* at Attachment 2.

⁹⁰ *Id.* at Attachment 3.

⁹¹ *Id.* at Attachment 1.

HTS number, [#].⁹² Since this HTS number is not in the scope of the AD/CVD orders on CISP and CISPF from China, it appears that LDL Trading misclassified the merchandise.⁹³

Other Information

As stated previously, the HTS number listed in the scope of the AD and CVD orders on CISP from China is 7303.00.0030,⁹⁴ and the HTS numbers included in the scope of the AD and CVD orders on CISPF from China are 7307.11.0045, 7324.29.0000 and 7307.92.3010.⁹⁵ As noted above, information on the record of this investigation suggests that LDL Trading has misclassified its entries of cast iron pipe and cast iron pipe fittings from Vanguard. In fact, CBP systems show that throughout the period of investigation, LDL Trading's entries of cast iron pipe and cast iron pipe fittings were not entered under any of the HTS numbers in the scope of the AD and CVD orders on CISP and CISPF, but instead under the following HTS numbers: [#s].⁹⁶

Analysis

Based on the evidence presented in the record, CBP determines there is reasonable suspicion that LDL Trading has evaded evade AD order A-570-079 and CVD order C-570-080 on CISP from China and AD order A-570-062 and CVD order C-570-063 on CISPF from China by transshipping Chinese-origin CISP and CISPF through Malaysia and also misclassifying such merchandise, and by failing to declare the merchandise as subject to those AD/CVD orders. Information from the allegations, and cited in the initiation memoranda, support such a conclusion. Specifically, [*source*] data show shipments of “Cast Iron Pipe” and “Cast Iron Pipe Fitting{s}” from Vanguard in Malaysia being shipped to LDL Trading, as well as the use of an HTS code for shipments of “Cast Iron Pipe” not listed in the scope of the AD/CVD orders on CISP from China, the latter suggesting misclassification. In addition, based on information in the allegations, it appears that Vanguard is owned and controlled by a Chinese national who is a salesperson for a Chinese manufacturer of cast iron products, Sandstein. Further, as detailed in the allegations, Vanguard's website contains photographs that are identical to or show the same production and workers as photographs on Sandstein's website; Vanguard's website also contains pictures of CISP that predate Vanguard's establishment by nearly a decade and pictures of CISPF that are plainly marked as made in “China.” Finally, Vanguard was established in Malaysia not long after the Department of Commerce's final determination in the AD/CVD investigations on Chinese-origin CISPF and preliminary determinations in the AD/CVD investigations on Chinese-origin CISP.

Moreover, the preliminary on-site visits in Malaysia by CBP officials, LDL Trading's responses to the CF-28s, and the cargo examinations either corroborate information in the allegations or

⁹² See CBP Memorandum, “EAPA Cons. Case No. 7785 – CBP Import Data for LDL Trading” (Jan. 30, 2023) (Import Data for LDL Trading).

⁹³ Again, CBP notes that floor drains may not be covered by the AD/CVD orders on CISPF from China. Even if this is the case, it appears that the cast iron pipes included in this entry were not appropriately classified under 7303.00.0030, the HTS number in the scope of the AD/CVD orders on CISP from China.

⁹⁴ See *CISP AD Order*, 84 FR at 19,036 and *CISP CVD Order*, 84 FR at 19,040.

⁹⁵ See *CISPF AD Order*, 83 FR at 44,570 and *CISPF CVD Order*, 83 FR at 44,566.

⁹⁶ See Receipt Report for EAPA 7785 and Receipt Report for EAPA 7786; see also Import Data for LDL Trading.

provide additional indications of potential evasion. CBP was not able to locate a factory for Vanguard at any of the locations it visited, including the two locations whose addresses are nearly identical to Vanguard's address on documents provided in the CF-28 responses. The cast iron pipe production procedure spreadsheet in LDL Trading's CF-28 responses contains information for [#] different machines and indicates the first step of the production process is molten iron smelting, yet the production videos provided in its CF-28 responses do not appear to show the entire production process, particularly the smelting process. Also, in its CF-28 responses, LDL Trading submitted raw material invoices for pig iron, but not for any other raw materials, and the address for the vendor on the pig iron raw material invoices does not appear to be for an actual building. Further, cargo examinations for two entries revealed that the merchandise in both entries lacked country-of-origin markings upon entry. Finally, both the CF-28 responses and cargo examinations showed that incorrect HTS numbers appear to have been used on entries of both cast iron pipe and cast iron pipe fittings.

Enactment of Interim Measures

Based on the record evidence, CBP determines that reasonable suspicion exists that LDL Trading entered covered CISP and CISPF for consumption into the customs territory of the United States through evasion by importing CISP and CISPF from China that was transshipped through Malaysia and by misclassifying such merchandise. Therefore, CBP is imposing interim measures on LDL Trading's imports of CISP and CISPF from Vanguard into the United States pursuant to this investigation.⁹⁷

Specifically, in accordance with 19 U.S.C. § 1517(e)(1)-(3), CBP shall:

- (1) suspend the liquidation of each unliquidated entry of such covered merchandise that entered on or after October 27, 2022, the date of the initiation of the investigation;
- (2) pursuant to the Commissioner's authority under 19 U.S.C. § 1504(b), extend the period for liquidating each unliquidated entry of such covered merchandise that entered before October 27, 2022, the date of the initiation of the investigation; and
- (3) pursuant to the Commissioner's authority under 19 U.S.C. § 1623, 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.⁹⁸

In addition, CBP will require live entry, requiring cash deposits to be posted prior to release of merchandise from CBP custody. CBP will reject any entry summaries that do not comply with live entry procedure and require refile of entries that are within the entry summary rejection period. CBP will also evaluate LDL Trading's continuous bonds to determine their sufficiency. Finally, CBP may pursue additional enforcement actions, as provided by law, consistent with 19 U.S.C. § 1517(h).

⁹⁷ See 19 U.S.C. § 1517(e); see also 19 C.F.R. § 165.24.

⁹⁸ See also 19 C.F.R. § 165.24(b)(1)(i)-(iii).

For any future submissions or factual information that you submit to CBP pursuant to this EAPA investigation, please provide a business confidential version and a public version with a public summary⁹⁹ using the EAPA Case Management System (CMS), found at <https://eapallegations.cbp.gov>. All public versions will be accessible to the parties to the investigation via the CMS.¹⁰⁰ Please note that CBP is requiring that all documents submitted via the CMS are made text searchable, especially if those documents are submitted as PDFs.

Should you have any questions regarding this investigation, please feel free to contact us at eapallegations@cbp.dhs.gov. Please include “EAPA Consolidated Case 7785” 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,



Kristina Horgan
Acting Director, Enforcement Operations Division
Trade Remedy Law Enforcement Directorate
CBP Office of Trade

⁹⁹ See 19 C.F.R. § 165.4, 165.23(c), and 165.26.

¹⁰⁰ You will need a login name and password to use the CMS. The website will direct you on how to obtain those.