



August 18, 2017

U.S. Customs Announces Strong Action To Stop Transshipment of Chinese Garment Hangers Through Malaysia in Elaborate Duty Evasion Scheme

U.S. Customs and Border Protection (CBP) has taken action to investigate eight U.S. importers for evading the payment of antidumping duties by transshipping steel wire garment hangers made in China through Malaysia and claiming the hangers were of Malaysian origin.

CBP initiated the investigation following receipt of multiple duty evasion allegations submitted by M&B Metal Products Company, Inc. (dba M&B Hangers) of Leeds, Alabama. The investigation is being conducted pursuant to the Enforce and Protect Act (EAPA), which was passed by Congress last year to provide enhanced procedures for CBP to investigate instances of duty evasion.

The eight importers identified in this EAPA investigation are Brooklyn Knights Trading Inc. of Philadelphia, PA; Casa USA Inc. of Carson, CA; Garment Cover Supply LLC of Orlando, FL; GL Paper Distribution LLC of Miami, FL; Masterpiece Supply Ltd. of San Francisco, CA; Newton Supply NY Inc. of Woodside, NY; Nice Guy Trading Inc. of New York, NY; and Subcos Percha de Metal Factory of Rosemead, CA. Also involved in this transshipment scheme are a web of Malaysian shell companies formed for the purpose of evading U.S. duties on imports of Chinese hangers.

On August 17, CBP released its notice of action with interim measures and described the initial stages of its investigation. Already, CBP has conducted on-site inspections in Malaysia, accompanied by officials of Royal Malaysian Customs (RMC). These joint visits to the reported addresses of the Malaysian shell companies confirmed that there is no hanger production at any of the locations; in fact, none of the alleged producers existed at any of the sites. CBP also has solicited information from the importers involved, and several of those companies have provided photographs of machinery and equipment allegedly being used by the hanger producers in Malaysia – yet CBP and RMC found no hanger facilities at the reported addresses in Malaysia.

According to CBP, hangers imported from Malaysia by the eight U.S. companies under investigation are subject to duties under the antidumping order on China and cash deposits are owed on their imports. CBP also announced that it may pursue additional enforcement actions, as provided by law, which could include penalty proceedings and civil or criminal investigations. CBP's notice in this investigation may be found at: www.cbp.gov/trade/trade-enforcement/tfta/enforce-and-protect-act-eapa/notices-action

M&B is grateful for the diligence and professionalism of CBP in conducting this EAPA investigation, as well as any ongoing investigations, including collecting and reviewing extensive records from multiple companies in the U.S. and overseas, conducting numerous on-site inspections in cooperation with the Government of Malaysia, and pursuing numerous lines of inquiry in order to stop the rampant transshipment of Chinese hangers through Malaysia.