



U.S. Customs and  
Border Protection

**October 26, 2020**

EAPA Cons. Case Number 7357

**PUBLIC VERSION**

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RE: Notice of Determination as to Evasion

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

Pursuant to an examination of the record in Enforce and Protect Act (EAPA) Consolidated Investigation 7357, U.S. Customs and Border Protection (CBP) has determined there is substantial evidence that N&M Hangers LLC (N&M); Direco International LLC (Direco); PNJ Import, Inc. (PNJ Import); LGA Trading Inc. (LGA); Chunghwa Prince Group Corporation (Chunghwa); WHL International Inc. (WHL); Wah Hing Lee Investment, Inc. (Wah Hing Lee); SK Supply Corp. (SK Supply); KS Supply; and Leco Supply (Leco) (collectively, the Importers) have entered merchandise covered by antidumping (AD) and countervailing (CVD) duty orders A-552-812 and C-552-813 on steel wire garment hangers (hangers) from the Socialist Republic of Vietnam (Vietnam)<sup>1</sup> into the customs territory of the United States through evasion. Substantial evidence demonstrates that the Importers imported Vietnamese-origin hangers into the United States and misrepresented the country of origin as the Lao People's Democratic Republic (Laos). As a result, no cash deposits were applied to the merchandise at the time of entry.

## **Background**

On October 3, 2019, the Trade Remedy Law Enforcement Directorate (TRLED), within CBP's Office of Trade, acknowledged receipt of the properly filed allegations against N&M Hangers, Direco, PNJ Import, LGA Trading, Chunghwa, WHL International, Wah Hing Lee, SK Supply, KS Supply, and Leco Supply by M&B Metal Products Company, Incorporated (M&B), a domestic manufacturer of hangers.<sup>2</sup> TRLED found the information provided in the allegation reasonably suggested that the Importers entered covered merchandise into the customs territory of the United States through evasion. Consequently, CBP initiated an investigation with respect

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<sup>1</sup> See *Steel Wire Garment Hangers From the Socialist Republic of Vietnam: Antidumping Duty Order*, 78 FR 8105 (February 5, 2013) (*Vietnam AD Order*). See also *Certain Steel Wire Garment Hangers From the Socialist Republic of Vietnam: Countervailing Duty Order*, 78 FR 8107 (February 5, 2013) (*Vietnam CVD Order*).

<sup>2</sup> See October 3, 2019, Receipt Notification Emails to Kimberly Young and Frederick Waite of Vorys, Sater, Seymour, and Pease LLP for EAPA Allegations 7357 (N&M Hangers), 7358 (Direco), 7359 (PNJ Import), 7361 (LGA Trading), 7362 (Chunghwa), 7364 (WHL International), 7365 (Wah Hing Lee), 7368 (SK Supply), 7369 (KS Supply), and 7370 (Leco Supply), respectively.

to the Importers on October 25, 2019, pursuant to Title IV, Section 421 of the Trade Facilitation and Trade Enforcement Act of 2015.<sup>3</sup>

After evaluating all of the information on the record at the time, on January 30, 2020, TRLED determined that reasonable suspicion exists that hangers imported into the United States from Laos by the Importers were in fact, manufactured in Vietnam. Specifically, TRLED based its determination on several elements introduced through the course of the investigation, including information provided in the allegation, multiple discrepancies in the Importers' CF-28 responses, and information from the [

].<sup>4</sup> Consequently, based upon the information stated above, CBP imposed interim measures on January 30, 2020.<sup>5</sup>

On February 11, 12, 13, and 18, 2020, pursuant to 19 CFR 165.5, CBP sent Requests for Information (RFIs) to the Importers and the claimed manufacturer, Truong Hong Development Multidisciplinary Group Ltd. (Truong Hong).<sup>6</sup> In the RFIs, CBP requested the following information from the Importers: (1) information about each company's import policies and procedures; (2) purchase and sales records for the hangers; and (3) information about their corporate structure.<sup>7</sup> Also, CBP requested the following information from Truong Hong: (1) a

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<sup>3</sup> See Memorandum to Regina Walton, Acting Director, Enforcement Operations Division, "Initiation of Investigation for EAPA Case Number 7357 – N&M Hangers LLC," dated October 25, 2019 (N&M Hangers Initiation); Memorandum to Regina Walton, Acting Director, Enforcement Operations Division, "Initiation of Investigation for EAPA Case Number 7358 – Direco International LLC," dated October 25, 2019 (Direco Initiation); Memorandum to Regina Walton, Acting Director, Enforcement Operations Division, "Initiation of Investigation for EAPA Case Number 7359 – PNJ Import, Inc.," dated October 25, 2019 (PNJ Import Initiation); Memorandum to Regina Walton, Acting Director, Enforcement Operations Division, "Initiation of Investigation for EAPA Case Number 7361 – LGA Trading Inc.," dated October 25, 2019 (LGA Trading Initiation); Memorandum to Regina Walton, Acting Director, Enforcement Operations Division, "Initiation of Investigation for EAPA Case Number 7362 – Chungwha Prince Group Corporation," dated October 25, 2019 (Chungwha Initiation); Memorandum to Regina Walton, Acting Director, Enforcement Operations Division, "Initiation of Investigation for EAPA Case Number 7364 – WHL International Inc.," dated October 25, 2019 (WHL International Initiation); Memorandum to Regina Walton, Acting Director, Enforcement Operations Division, "Initiation of Investigation for EAPA Case Number 7365 – Wah Hing Lee Investment, Inc.," dated October 25, 2019 (Wah Hing Lee Initiation); Memorandum to Regina Walton, Acting Director, Enforcement Operations Division, "Initiation of Investigation for EAPA Case Number 7368 – SK Supply Corp.," dated October 25, 2019 (SK Supply Initiation); Memorandum to Regina Walton, Acting Director, Enforcement Operations Division, "Initiation of Investigation for EAPA Case Number 7369 – KS Supply," dated October 25, 2019 (KS Supply Initiation); and Memorandum to Regina Walton, Acting Director, Enforcement Operations Division, "Initiation of Investigation for EAPA Case Number 7370 – Leco Supply," dated October 25, 2019 (Leco Supply Initiation).

<sup>4</sup> See CBP letter, "Notice of Initiation of Investigation and Interim Measures – EAPA Cons. Case Number 7357," dated January 30, 2020 (NOI). See also Memorandum to the File, "Additional Information," dated January 27, 2020. In the initiation for the Importers and the NOI, CBP described the method of evasion as transshipment of Vietnamese-origin hangers through Laos, however the method of evasion is better classified as misrepresenting the country of origin as Laos, as demonstrated in this notice.

<sup>5</sup> *Id.* at 12.

<sup>6</sup> Truong Hong Development Multidisciplinary Group Ltd. also formerly known as Truong Hong Lao-Viet Joint Stock Company.

<sup>7</sup> See CBP's Memorandum to Chungwha, "Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether Chungwha Prince Group Corporation (Chungwha Prince Group) has

full description of the manufacturing process for hangers, detailed production capabilities and capacities; (2) information about the source of their raw materials, including supporting documentation establishing proof of source; (3) information about their corporate structure and affiliations; and (4) the source of any finished hangers not produced on-site by the supplier, along with other information about those hangers and supporting sales documentation.<sup>8</sup>

The following Importers submitted properly bracketed responses to their RFIs on the dates as noted: Direco on April 17, 2020 (Direco RFI Response); Leco on April 27, 2020 (Leco RFI Response); LGA on April 16, 2020 (LGA RFI Response); N&M on April 6, 2020 (N&M RFI Response); PNJ on April 10, 2020 (PNJ RFI Response); Wah Hing Lee on March 11, 2020 (Wah Hing Lee RFI Response); and WHL on March 12, 2020 (WHL RFI Response). Chunghwa submitted a significantly deficient and improperly bracketed RFI response on March 18, 2020 (Chunghwa RFI Response).<sup>9</sup> SK Supply and KS Supply failed to respond to the RFIs.

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evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813,” dated February 13, 2020 (Chunghwa RFI).

<sup>7</sup> See CBP’s Memorandum to Direco, “Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether Direco International LLC has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813,” dated February 11, 2020 (Direco RFI); Memorandum to KS Supply, “Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether KS Supply Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813,” dated February 18, 2020 (KS Supply RFI); Memorandum to Leco, “Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether Leco Supply Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813,” dated February 18, 2020 (Leco RFI); Memorandum to LGA, “Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether LGA Trading Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813,” dated February 12, 2020 (LGA RFI); Memorandum to N&M, “Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether N&M Hanger LLC has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813,” dated February 11, 2020 (N&M RFI); Memorandum to PNJ, “Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether PNJ Import Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813,” dated February 11, 2020 (PNJ RFI); Memorandum to SK Supply, “Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether SK Supply Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813,” dated February 18, 2020 (SK Supply RFI); Memorandum to Wah Hing Lee, “Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether Wah Hing Lee Investment Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813,” dated February 13, 2020 (Wah Hing Lee RFI); Memorandum to WHL, “Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether WHL International Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813,” dated February 13, 2020 (WHL RFI).

<sup>8</sup> See Memorandum to Truong Hong, “Request for Information concerning Enforce and Protect Act (EAPA) investigation of whether the Importers have evaded the Antidumping (AD) and Countervailing Duty (CVD) Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813, with entries of merchandise into the United States of America (USA),” dated February 11, 2020 (Truong Hong RFI).

<sup>9</sup> See Chunghwa’s submission dated March 18, 2020.

CBP provided Chunghwa an opportunity to remedy its deficiencies by issuing a supplemental RFI restating the original questions from the RFI on May 8, 2020.<sup>10</sup> However, Chunghwa failed to respond. CBP also issued supplemental RFIs to Direco, Leco, LGA, N&M, PNJ, WHL, and Wah Hing Lee on June 9, 2020,<sup>11</sup> and responses from Direco, Leco, N&M, WHL and Wah Hing Lee were submitted between June 23, 2020 and July 2, 2020.<sup>12</sup> LGA and PNJ failed to respond to the supplemental RFI. Truong Hong submitted general information on March 10, 2020, but requested multiple extensions to respond to the specific questions in the RFI.<sup>13</sup> CBP granted multiple extensions, however Truong Hong ultimately failed to respond to the RFI aside from the submission of general information.

M&B submitted factual information on May 12, 2020 and July 27, 2020.<sup>14</sup>

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<sup>10</sup> See CBP's Memorandum to Chunghwa, "Supplemental Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether Chungwha Prince Group Corporation has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813," dated May 8, 2020 (Chunghwa Supplemental RFI).

<sup>11</sup> See CBP's Memorandum to Direco, "Supplemental Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether Direco International LLC has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813," dated June 9, 2020 (Direco Supplemental RFI); Memorandum to Leco, "Supplemental Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether Leco Supply Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813," dated June 9, 2020 (Leco Supplemental RFI); Memorandum to LGA, "Supplemental Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether LGA Trading Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813," dated June 9, 2020 (LGA Supplemental RFI); Memorandum to N&M, "Supplemental Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether N&M Hanger LLC has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813," dated June 9, 2020 (N&M Supplemental RFI); Memorandum to PNJ, "Supplemental Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether PNJ Import Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813," dated June 9, 2020 (PNJ Supplemental RFI); Memorandum to Wah Hing Lee, "Supplemental Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether Wah Hing Lee Investment Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813," dated June 9, 2020 (Wah Hing Lee Supplemental RFI); Memorandum to WHL, "Supplemental Request for Information to Importer with regards to Enforce and Protect Act investigation (Cons. 7357) of whether WHL International Inc. has evaded Antidumping and Countervailing Duty Orders on steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam), A-552-812 and C-552-813," dated June 9, 2020 (WHL Supplemental RFI).

<sup>12</sup> See N&M Supplemental RFI Response dated July 2, 2020 (N&M Supplemental RFI Response); Direco Supplemental RFI Response dated July 1, 2020 (Direco Supplemental RFI Response); WHL Supplemental RFI Response dated June 23, 2020 (WHL Supplemental RFI Response); Wah Hing Lee Supplemental RFI Response dated June 23, 2020 (Wah Hing Lee Supplemental RFI Response); and Leco Supplemental RFI Response dated July 9, 2020 (Leco Supplemental RFI Response).

<sup>13</sup> See Truong Hong's General Information dated March 10, 2020 (Truong Hong General Information).

<sup>14</sup> See M&B's Letter, "EAPA Investigation of Steel Wire Garment Hangers Imported from Laos: Voluntary Submission of Factual Information," dated May 12, 2020 (M&B Factual Information). See also M&B's Letter, "EAPA Investigation of Steel Wire Garment Hangers Imported from Laos: Additional Submission of Factual Information," dated July 27, 2020 (M&B Additional Factual Information).

On August 17, 18, and 20, 2020, M&B, WHL and Wah Hing Lee, and Leco, respectively, submitted written arguments.<sup>15</sup> On September 4, 2020, M&B, Direco, and N&M, submitted their responses to written arguments.<sup>16</sup>

## Analysis

Under 19 USC 1517(c)(1)(A), to reach a determination as to evasion, CBP must “make a determination, based on substantial evidence, with respect to whether such covered merchandise entered into the customs territory of the United States through evasion.” 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.”<sup>17</sup> As discussed below, the record of this investigation indicates that covered merchandise entered the United States through evasion, and that there is a basis for concluding that substantial evidence indicates the Importers’ imports were merchandise entered through evasion, resulting in the avoidance of applicable AD/CVD deposits or other security.

As noted above, the claimed manufacturer, Truong Hong, did not provide a substantive response to the RFI issued to it, even though it was given ample opportunity to do so.<sup>18</sup> Chunghwa, SK Supply, KS Supply, LGA, and PNJ failed to respond to either CBP’s initial or supplemental RFIs.

CBP placed the following information on the record of the investigation: (1) Truong Hong’s [ ] from the [ ]; and (2) excerpts from the year-ending 2018 and 2019 audited financial statements of [ ], a company listed on the [ ] stock exchange.<sup>19</sup> M&B also placed public

<sup>15</sup> See Letter from M&B, “EAPA Investigation of Steel Wire Garment Hangers Imported from Laos (EAPA Cons. Case No. 7357): Written Argument of M&B Metal Products Company, Inc.,” dated August 17, 2020 (M&B Written Argument); Letter from WHL and Wah Hing Lee, “Response to Written Argument Submitted by M&B,” dated August 18, 2020 (WHL and Wah Hing Lee Response to Written Argument); and Letter from Leco, “EAPA Consolidated Case No. 7357 - Written Arguments of Leco Supply Inc.,” dated August 20, 2020 (Leco Written Argument).

<sup>16</sup> See Letter from Direco, “EAPA Investigation of Steel Wire Garment Hangers Imported from Laos – Direco’s Response to Written Arguments,” dated September 4, 2020 (Direco Response to Written Arguments); and Letter from M&B, “EAPA Investigation of Steel Wire Garment Hangers Imported from Laos (EAPA Cons. Case No. 7357): Response of M&B Metal Products Company, Inc. to Argument by Importers WHL/Wah Hing Lee and Leco Supply Inc.,” dated September 4, 2020 (M&B Response to Written Argument); Letter from N&M, “EAPA Response to Supplemental Request for Information EAPA Cons. Case No. 7357 N&M Hanger, LLC,” dated September 4, 2020 (N&M Response to Written Argument).

<sup>17</sup> See 19 CFR 165.1.

<sup>18</sup> CBP issued the RFI questionnaire to Truong Hong on February 11, 2020, and provided multiple extensions until June 5, 2020, in total 115 days to provide a response.

<sup>19</sup> See Direco Supplemental RFI, Leco Supplemental RFI, LGA Supplemental RFI, N&M Supplemental RFI, PNJ Supplemental RFI, Wah Hing Lee Supplemental RFI, and WHL Supplemental RFI.

information on the record, such as, South East Asia Hamico Export Joint Stock Corporation (SEA Hamico)'s section A questionnaire response from the Department of Commerce's antidumping (AD) investigation (SEA Hamico Section A Response), and SEA Hamico's Hanoi Stock Exchange summary which lists its current name as DNA Investment Joint Stock Company (DNA).<sup>20</sup> In SEA Hamico Section A Response, the company stated that it was affiliated to Nam A Hamico Export Joint Stock Company (Nam A Hamico) and Linh Sa Hamico Company Limited (Linh Sa Hamico), both producers and exporters of subject merchandise in Vietnam.<sup>21</sup> Information on the record of this investigation, in conjunction, with the Importers' CF-28 and RFI responses links Truong Hong, the alleged manufacturer in Laos, with a company location registered in [ ] and also with Vietnam-based company DNA, formerly named SEA Hamico, a respondent in the Vietnam AD/CVD investigation.

With regard to the registered business address and corporate structure of Truong Hong in [ ] and Truong Hong's link to [ ], the following information is on the record. The [ ] listed the company name as Truong Hong Development Multidisciplinary Group Ltd., address as [ ], registered email address is [ ], registered business activity is varied but also specifically states [ ], the registered owner and legal representative is, [ ] (last, middle, and first name). The 2018 and 2019 financial statements of [ ] revealed that, [ ] (last, middle, first name), is the company's legal representative as director, and [ ] (last, middle, first name) is vice-director; and the headquarters' address is [ ]

]. SEA Hamico Section A Response demonstrates that Vuong Viet Bui (first, middle, last name) was the General Manager of SEA Hamico at the time of the AD and countervailing duty (CVD) investigation using the email address vietminh205@yahoo.com.<sup>22</sup> N&M, Direco, PNJ, LGA, Wah Hing Lee, WHL, and Leco initially identified that, during the period of investigation, Vuong Bui (first, last name) (also Bui Viet Vuong (last, middle, first name)), Kham Keo, or [ ] were their points of contact to purchase hangers from Truong Hong, using the following email addresses, truonghongjsc68@gmail.com, [ ], or [ ].<sup>23</sup> Direco explained in its supplemental RFI that it knew [ ] (first, middle, last name) as the General Director of [ ], then as the operations manager of Truong Hong and he used the Laotian name [ ].<sup>24</sup> Direco also confirmed that their sales representative at Truong Hong is [ ] also known as [ ] (last name, middle, first name).<sup>25</sup> CBP has

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<sup>20</sup> See M&B Additional Factual Information at Exhibit 1 and 3.

<sup>21</sup> *Id.* at Exhibit 3.

<sup>22</sup> *Id.*

<sup>23</sup> See Leco RFI Response at Attachment D1b "Email correspondence relating to entry [ ]2633. Leco's correspondence with Bui Viet Vuong at [ ]

[ ]. See also N&M RFI Response at 7 and 8, Direco RFI Response at 27 and Direco Supplemental RFI Response at 9, PNJ RFI Response at 15, LGA RFI Response at 16, Wah Hing Lee Supplemental RFI Response at 2, and WHL Supplemental RFI Response at 2.

<sup>24</sup> See Direco Supplemental RFI at 7.

<sup>25</sup> *Id.* at 9.

corresponded with Truong Hong via truonghongjsc68@gmail.com with [ ] using his alias [ ].<sup>26</sup>

With regard to financial transactions between some of the Importers and [ ], the following information is on the record. [ ] 2018 and 2019 financial statements show [ ] from [ ] during EAPA's period of investigation.<sup>27</sup> [ ]

[ ]. The Importers denied any knowledge of [ ] in their supplemental RFI responses; however, CBP data demonstrates that some importers had a history of purchasing Vietnamese hangers from [ ] and [ ], thus it's reasonable to conclude those importers are familiar with [ ] in his capacity as [ ] of [ ] and his relationship between those companies and Truong Hong.<sup>28</sup> Chunghwa purchased hangers from [ ] in 2011; Wah Hing Lee purchased hangers from [ ] in 2008 and 2009 and [ ] in 2010 through 2012; and WHL purchased hangers from [ ] in 2010, 2011, and 2012.<sup>29</sup> CBP data shows that since [ ], the Importers have not imported any hangers with the country of origin declared as Vietnam, yet there is record evidence of purchases made by the importers listed above in [ ]'s 2018 and 2019 financial statements, which covers our period of investigation.<sup>30</sup>

The Importers provided copious documents pertaining to Truong Hong's equipment and production capacity, employees, raw material purchases, and transportation from Laos that are allegedly associated with the entries CBP identified in its CF-28 and RFI requests. However, because Truong Hong failed to respond to the RFI, any documentation purported to be from Truong Hong and submitted by the Importers shall be deemed unreliable. As noted above, [ ]

interim measures, CBP received additional confirmation [ ].<sup>31</sup> After

]. [ ]

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Also, because Truong Hong failed to respond to its RFI, CBP cannot evaluate whether the production and sales information collected by CBP in the course of this EAPA investigation is accurate. To do this effectively, CBP must be able to, among other things, trace a

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<sup>26</sup> See Email to Truong Hong, "EAPA CONS CASE NO. 7357 - Truong Hong Partial Extension Granted," dated May 26, 2020.

<sup>27</sup> See [ ].

<sup>28</sup> See DCNTAC Report for each individual importer dated October 10, 2019 (CBP Data).

<sup>29</sup> See CBP Data.

<sup>30</sup> *Id.* and [ ].

<sup>31</sup> See CBP's Memorandum to the File, "Additional Information," dated January 27, 2020.

<sup>32</sup> See Memorandum to the File, "Additional Information," dated May 1, 2020.



manufacturer's raw material purchases to its accounting system; through the production process, *i.e.*, starting inventory, work-in-progress, ending inventory, and finished goods, *etc.*; and, for instances in which the manufacturer was identified as the exporter, exportation to the U.S. importer. For example, even though all but one of the importers provided a "truck bill" from [ ] to demonstrate movement between Laos and Hai Phong, Vietnam (the port of lading), because Truong Hong did not reply to CBP questions, CBP cannot examine the house bills of lading and payment to the freight forwarder to confirm the actual shipment of hangers from Truong Hong's facility in Laos to the port in Vietnam.<sup>33</sup> In addition, key documents placed by the Importers on the administrative record of this case [ ], referring to the [ ].<sup>34</sup> Therefore, multiple parties in this investigation have failed to cooperate and comply to the best of their abilities in responding to CBP questions on their imports into the United States.

In addition, the Importers have made inconsistent claims on the number of equipment and production capacity of Truong Hong. Direco's CF-28 response included a letter dated March 11, 2013, from Truong Hong claiming that their production capacity is 10 containers of steel wire garment hangers per month, with 70 regular and seasonal employees and 19 machines.<sup>35</sup> WHL's CF-28 response included the same letter but was dated March 31, 2017, with Truong Hong claiming that their production capacity is 19 containers of steel wire garment hangers per month, with 103 regular and seasonal employees, and 30 machines.<sup>36</sup> M&B included in its allegation against the Importers, a commissioned report dated [ ] based on a site visit, where they found a total of [ ] employees and [ ] forming machines, but only [ ] machines were in use, and the monthly output was [ ] container of hangers, which holds about [ ] carton boxes of hangers.<sup>37</sup> As we noted in the NOI of this investigation, according to CBP's conservative

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<sup>33</sup> See the Importers' CF-28 responses.

<sup>34</sup> See Memorandum to the File, "Additional Information," dated May 1, 2020.

<sup>35</sup> See Direco's CF-28 Response dated August 10, 2020 at Exhibit 6.

<sup>36</sup> See WHL's CF-28 Response dated August 11, 2020.

<sup>37</sup> See Letter from M&B, "EAPA Duty Evasion Allegation concerning Steel Wire Garment Hangers Imported from Laos—Importer: N&M Hangers LLC," dated October 2, 2019 (N&M Hangers Allegation) at Exhibit 4; Letter from M&B, "EAPA Duty Evasion Allegation concerning Steel Wire Garment Hangers Imported from Laos—Importer: Direco International LLC," dated October 2, 2019 (Direco Allegation) at Exhibit 4 ; Letter from M&B, "EAPA Duty Evasion Allegation concerning Steel Wire Garment Hangers Imported from Laos—Importer: PNJ Import, Inc.," dated October 2, 2019 (PNJ Import Allegation) at Exhibit 4; Letter from M&B, "EAPA Duty Evasion Allegation concerning Steel Wire Garment Hangers Imported from Laos—Importer: LGA Trading Inc.," dated October 2, 2019 (LGA Trading Allegation) at Exhibit 4 ; Letter from M&B, "EAPA Duty Evasion Allegation concerning Steel Wire Garment Hangers Imported from Laos—Importer: Chungwha Prince Group Corporation," dated October 2, 2019 (Chungwha Allegation) at Exhibit 4 ; Letter from M&B, "EAPA Duty Evasion Allegation concerning Steel Wire Garment Hangers Imported from Laos—Importer: WHL International Inc.," dated October 2, 2019 (WHL International Allegation) at Exhibit 4; Letter from M&B, "EAPA Duty Evasion Allegation concerning Steel Wire Garment Hangers Imported from Laos—Importer: Wah Hing Lee Investment, Inc.," dated October 2, 2019 (Wah Hing Lee Allegation) at Exhibit 4; Letter from M&B, "EAPA Duty Evasion Allegation concerning Steel Wire Garment Hangers Imported from Laos—Importer: SK Supply Corp.," dated October 2, 2019 (SK Supply Allegation) at Exhibit 4 ; Letter from M&B, "EAPA Duty Evasion Allegation concerning Steel Wire Garment Hangers Imported from Laos—Importer: KS Supply," dated October 2, 2019 (KS Supply Allegation) at Exhibit 4 ; and Letter from M&B, "EAPA Duty Evasion Allegation concerning Steel Wire Garment Hangers Imported from Laos—Importer: Leco Supply," dated October 2, 2019 (Leco Supply Allegation) at Exhibit 4.

estimates, [ ] containers a month equates to approximately [ ] pieces of hangers a month, or [ ] pieces of hangers a year.<sup>38</sup> CBP data indicates that the Importers imported from Truong Hong, with country of origin Laos, [ ] pieces of hangers in 2014, [ ] pieces in 2015, [ ] pieces in 2016, [ ] pieces in 2017, [ ] in 2018, and [ ] pieces in 2019. The Importers imported more than Truong Hong's alleged capacity by [ ] percent in 2014, [ ] percent in 2015, [ ] percent in 2016, [ ] percent in 2017, [ ] percent in 2018, and [ ] percent in 2019.<sup>39</sup> With an estimated [ ] pieces of hangers per container, the Importers had entries of [ ] containers of hangers in 2018, or an average of [ ] containers a month, and entries of [ ] containers of hangers in 2019, or an average of [ ] containers a month. Because Truong Hong failed to respond to RFI issued by CBP, these production capacity claims ranging from [ ] to [ ] containers a month are unreliable. At the very least, based on the observations made in M&B's allegations, CBP data supports finding approximately [ ] containers in 2018 and [ ] containers in 2019 were not manufactured by Truong Hong. As we discussed in detail above, Truong Hong's and [ ]'s management team overlap and the registered business address for Truong Hong in Vietnam and [ ] are both in the city of [ ], Vietnam. It is reasonable to conclude based on record evidence that the [ ] containers in 2018 and [ ] containers in 2019 were manufactured in Vietnam.

Regardless of all the record evidence demonstrating that Truong Hong could not have manufactured all of its hanger exports, Direco stated that it completed an extensive audit by another CBP team for the period September 29, 2012, to August 20, 2014, and CBP determined that Direco was compliant on its imports from Laos. Notwithstanding what happened in that investigation, the record evidence in this EAPA investigation points to a different conclusion. The record of this EAPA investigation contains several documents [ ], and the failure of Truong Hong itself to cooperate to the best of its ability with this investigation. Direco also argues that at no time was the company aware it was purchasing hangers that were produced in any other country than Laos from Truong Hong. Because EAPA does not have a knowledge requirement for evasion as defined under 19 CFR 165.1, there is no requirement that the importer know of the material or false statement. Thus, CBP does not need to determine any level of culpability, only that evasion occurred with entry.

### *Summary for All Importers*

Pursuant to 19 USC 1517(c)(3) and 19 CFR 165.6, CBP may apply an adverse inference if the party to the investigation that filed an allegation, the importer, or the foreign producer or exporter of the covered merchandise fails to cooperate and comply to the best of its ability with a request for information made by CBP. In applying an adverse inference against an eligible party, CBP may select from the facts otherwise available to make a final determination as to evasion pursuant to 19 USC 1517(c)(1)(A) and 19 CFR 165.27. Moreover, an adverse inference may be used with respect to U.S. importers, foreign producers, and manufacturers "without regard to

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<sup>38</sup> According to the documents the Importers submitted, one [ ]; therefore, as a sample, Direco's invoice of [ ] pieces multiplied by [ ] containers equals [ ] pieces per month. See Direco's CF-28 Response dated August 10, 2020 at Exhibit 2.

<sup>39</sup> See CBP data.

whether another person involved in the same transaction or transactions under examination has provided the information sought....”<sup>40</sup>

In this case, Truong Hong did not provide a substantive response to CBP’s RFI, despite being afforded an extensive period to do so. As the alleged foreign manufacturer, Truong Hong failed to respond to CBP’s RFI, thus it failed to cooperate and comply with CBP’s investigation to the best of its ability. As a result, CBP may apply adverse inferences and infer that Truong Hong did not have the capacity to manufacture the amount of imports that the Importers brought into the United States with the country of origin listed as Laos. Instead, based on the information provided by the Alleger and the record evidence discussed above, CBP finds that the hangers were actually made in Vietnam and that the Importers misrepresented Vietnamese-origin hangers on their imports into the United States by claiming the country of origin as Laos. Moreover, the failure of some importers to respond to CBP’s RFIs, as well as the submission of [

] on the record of this investigation, further support the conclusion that even the Importers did not act to the best of their abilities in complying with this investigation. This circumstance also supports the application of adverse inferences.

Therefore, CBP is applying adverse inferences in this investigation. In relying upon an adverse inference for failure to respond to the RFIs, or failure to cooperate and comply to the best of one’s ability with a request for information, CBP will look at the facts otherwise available. On the basis of the aforementioned analysis, CBP determines that substantial evidence exists demonstrating that the Importers misrepresented the country of origin on their imports of hangers by claiming Laos rather than Vietnam as the country of origin. Evidence on the record strongly suggests that a Truong Hong [ ] in Vietnam actually manufactured the hangers, thus the Importers avoided paying cash deposits for the Vietnam AD and CVD orders on their imports to the United States. As a result, the entries subject to this EAPA investigation will be subject to the Vietnam-wide entity rate for the AD order and the all-others rate for the CVD order on hangers from Vietnam.

Finally, M&B requests that CBP take additional enforcement measures under EAPA, namely: 1) initiate Section 1592 penalty proceedings against the Importers with respect to imports of Vietnamese steel wire garment hangers through Laos; and 2) refer the entire record of the EAPA investigation to U.S. Immigration and Customs Enforcement for civil and/or criminal investigation.<sup>41</sup> CBP will pursue any additional enforcement action, as appropriate, pursuant to 19 USC 1517(h).

### **Actions Taken Pursuant to the Affirmative Determination of Evasion**

In light of CBP’s determination that the Importers entered merchandise into the customs territory of the United States through evasion, and pursuant to 19 USC 1517(d) and 19 CFR 165.28, CBP will suspend or continue to suspend the liquidation for all entries imported by the Importers, that are subject to EAPA consolidated investigation 7357, for the period of investigation, October 3, 2018, through October 26, 2020, and continue suspension until instructed to liquidate these entries. For those entries previously extended in accordance with the interim measures, CBP will

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<sup>40</sup> See 19 USC 1517(c)(3)(B).

<sup>41</sup> See M&B Written Argument.

rate adjust and change those entries to type 03 and continue suspension until instructed to liquidate these entries. CBP will also evaluate the Importers' continuous bonds in accordance with CBP's policies, and may require single transaction bonds as appropriate. None of the above actions precludes CBP or other agencies from pursuing additional enforcement actions or penalties.

Sincerely,

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

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