

BRIEFINGS

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ACE & PGAs

- Customs has [posted](#) an updated list of Partner Government Agency preparations and data requirements for the transition of entry and release to the Automated Commercial Environment (ACE) on November 1, 2015.

- Many PGAs will not be ready for ACE entry and release by November 1. Exactly what that means for prompt entry/release is unclear. Sean Murray attended a Customs-PGA meeting on the issue on March 27. Contact Sean Murray for details.

- Clients, particularly FTZ Operators, are encouraged to participate in the pilot programs for relevant agencies to help identify issues in advance and ensure FTZ processes such as Weekly Entry are maintained.

- Customs is seeking participants in a new working group on technical requirements for U.S. Department of Agriculture (APHIS) filings. CSMS [#15-000213](#) (April 9, 2015).

- The Food and Drug Administration (FDA) will begin its [pilot](#) on July 1, 2015. Customs expects to issue a Federal Register notice in April or May to provide details on the pilot.

ORIGIN MARKING

The U.S. Court of International Trade (CIT) has ruled that jeans with a trademark including the term "USA" were not subject to the less restrictive origin marking requirements of 19 C.F.R. § 134.47 because the trademark was not covered by a trademark registration or pending trademark application. [JBLU, Inc. v. U.S.](#), CIT Slip Op. [15-08](#) (March 30, 2015).

2015 SEMINAR SCHEDULE

- May 20 & 21 - Import/Export 101 & 201
- September 15 & 16 - HTSUS/ECCN Seminar
- October 20 & 21- FTZ 101 & 201
- November 17 & 18 - Import/Export 101 & 201
- Seminars are offered to Miller & Company clients only. For more details contact [Penny Freeman](#).

UPCOMING WEBINARS

- April 16 - Broker/Forwarder Management
- May 14 - Import/Export Considerations in Purchases and Sales of Companies
- Visit the Miller & Company website for the full 2015 webinar [schedule](#).
- Register for webinars at our [eStore](#) or contact [Victoria Denney](#). Past [webinars](#) are available on our website.

CUBA SANCTIONS

On April 14, President Obama initiated a 45-day notification process that his Administration intends to rescind Cuba's designation as a State Sponsor of Terrorism. A change in the designation will not result in an immediate end to the U.S. sanctions. Contact Chuck Ballard with questions.

CYBERCRIME EO

President Obama has issued an Executive Order that will block transactions and assets of any entity that engages in cybercrime activities, including "hacking" or theft. 80 Fed. Reg. [18077](#) (April 2, 2015).

\$233 MILLION IRAN PENALTY

Schlumberger Oilfield Holdings has [agreed](#) to pay a \$232.7 million criminal penalty for violations of U.S. sanctions on Iran and Sudan. The Justice Department indicated that company officials attempted to hide the fact that the U.S. unit was conducting business with these countries. Of particular note:

- U.S. persons approved capital expenditures;
- Non-U.S. personnel hid the references to Iran or Sudan by changing the names to "South Egypt" and "Northern Gulf";
- Deliveries were disguised as going to a location in the UAE;
- U.S. persons made and implemented business decisions on operations; and
- U.S. persons were involved in troubleshooting technical issues that occurred in Iran and Sudan.

C-TPAT FOLLOW-UP

We have been hearing from clients that Customs has been reviewing supplier questionnaires and questioning C-TPAT participants on what they have done to close gaps identified in the questionnaire responses. It is important that C-TPAT participants conduct thorough risk assessments and work to close any identified gaps. Contact Chuck Ballard or Sean Murray with questions.

IRAN SANCTIONS

In response to the April 2 announcement of a preliminary agreement on Iran's nuclear program, the U.S. Office of Foreign Assets Control (OFAC) has released a [statement](#) reminding that the embargo remains in place and that it will be "vigorously enforced."

SEALS - BEST PRACTICES

Customs has [published](#) a new guidance document on recommended seal procedures for importers, carriers, manufacturers, exporters, and consolidators.

BIS PENALTIES

- Precision Image Corporation was fined \$300,000 and lost its export privileges for 10 years for exporting to Taiwan information related to various military technology, including printed circuit boards and gyros on the U.S. Munitions List.
- Brian Bishop was fined \$25,000 and lost his export privileges for 5 years for attempting to take approximately 8,500 rounds of ammunition with him when he moved to Jordan on behalf of the State Department. 80 Fed. Reg. [17716](#) and [17725](#) (April 2, 2015).

PAY PAL PENALIZED

[Pay Pal](#) has agreed to pay \$7,658,300 to settle OFAC allegations that they processed a number of transactions with entities in embargoed countries and on the list of Specially Designated Nationals (SDNs).

R&D VALUES

The Canadian Court of Appeal has rejected an appeal by Skechers Canada, requiring it to include all research and development costs paid to its U.S. parent in the customs value of the imported merchandise. [Skechers USA Canada Inc. v Canada Border Services Agency](#), Federal Court of Appeal No. [A-121-14](#) (Mar. 2, 2015).

ILLEGAL VEHICLE IMPORTS

The Environmental Protection Agency (EPA) announced a [settlement](#) totaling \$560,000 with four recreational vehicle importers and an affiliated Chinese vehicle manufacturer for illegally importing and selling more than 4,000 off-road recreational vehicles that did not have EPA Certificates of Conformity.

DOMESTIC BREW

A class-action lawsuit was recently filed in California against Anheuser-Busch, alleging that it labeled its Busch beer as "Product of U.S.A." when it is actually made with imported hops. [Nixon v. Anheuser-Busch Cos., LLC](#), Cal. Sup. Ct., Case No. CGC-15-544985 (Mar. 27, 2015).

FY 2014 SEIZURES

Customs and the U.S. Immigration and Customs Enforcement (ICE) have released [statistics](#) on intellectual property rights seizures for fiscal year 2014. Jewelry and watches were the top category at 31%, followed by handbags and wallets at 28%.

TEXTILE ENFORCEMENT

Customs has publicized the [results](#) of its 2014 visits to foreign textile and apparel factories in 7 countries. Customs identified a number of factories with a high risk of transshipment or with insufficient documentation to support duty preference claims.

BUY AMERICAN

The U.S. Department of Justice has [announced](#) a \$4.41 million settlement stemming from whistleblower allegations that Medtronic sold medical devices to the Veterans Administration and the Department of Defense it had certified as made in the United States, but were manufactured in Malaysia and China.

MADE IN USA MARKINGS

A federal district court has issued another ruling that the strict California law banning "Made in USA" markings when any part thereof is not U.S. origin is not preempted by the Federal Trade Commission (FTC) Made in USA and textile fiber laws because it is not impossible to comply with both the California and federal laws, in part because the California law allows the use of "qualified" Made in USA labels. [Clark v. Citizens of Humanity, LLC](#), Case No. 3:14-CV-01404-JLS-WVG (Apr. 8, 2015).

CEE AND POST RELEASE

On April 6, 2015, the Directors for the Centers for Excellence and Expertise (CEE) for Electronics, Petroleum, and Natural Gas and Minerals assumed authority for post-release trade processes, such as Entry/Entry Summary processing, liquidation, protests, and decisions on sampling for certain Ports of Entry. CSMS [#15-000195](#) (March 31, 2015).

FDA – DEBARMENT ORDER

The Food and Drug Administration (FDA) has issued an order debaring a honey broker from Texas, Jun Yang, from importing food into the U.S. for four years following his conviction for smuggling transshipped Chinese honey. 80 Fed. Reg. [17450](#) (April 1, 2015).

GARLIC VALUES

Customs rejected the use of transaction value for imported dehydrated garlic granules, finding that the importer was unable to establish the amount of money paid to the seller for future (versus present) shipments and the arm's length nature of the relationship between the parties. Importers are responsible for proving the accuracy of value declarations. HQ [H255619](#) (Jan. 16, 2015).

IRAN TRANSHIPMENTS

A federal appeals court refused to overturn the criminal conviction of a CEO and part owner of a Georgia company for conspiring to sell water jet cutting machines to Iranian companies. The machines were routed through Dubai. [U.S. v. Mark Mason Alexander](#), 11th Cir. [14-10253](#) (April 7, 2015).

| FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 4/15/15 | | |
|---|----------|-------------------------|
| | APPROVED | CURRENTLY AUTHORIZED |
| ZONES | 288 | 270 |
| SUBZONES | 730 | 576 |
| PENDING | | |
| ZONES | | 4 |
| SUBZONES | | 15 |
| MISCELLANEOUS | | 33 |

The material contained herein is not to be construed as legal advice or opinion. More information may be obtained by contacting any attorney within the firm.
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