

5. In 2002, Commerce also issued a countervailing duty order covering certain softwood lumber from Canada. *Certain Softwood Lumber Products from Canada*, 67 Fed. Reg. 36,070 (Dep't of Commerce May 22, 2002) (countervailing duty order). In the countervailing duty order, Commerce established a cash deposit rate for imports of 18.79 percent. *Id.*

6. In 2006, Commerce revoked the antidumping and countervailing duty orders and instructed CBP to cease collecting cash deposits and to refund all deposits collected, with accrued interest. 71 Fed. Reg. 61714 (Dep't of Commerce Oct. 19, 2006).

DEFENDANT'S VIOLATIONS

7. From March 3, 2003, through September 30, 2003, Northwest Forest Products entered 72 entries of Canadian softwood lumber through the ports of Blaine and Sumas, Washington. These entries are identified by entry number on Exhibit A, attached.

8. The 72 entries of softwood lumber were properly classifiable as general sawn lumber, under heading 4407 of the Harmonized Tariff Schedules of the United States ("HTSUS").

9. Northwest Forest Products filed documents with CBP that falsely described its imported softwood lumber as Wood Panels and falsely claimed that the softwood lumber was classifiable under heading 4421, HTSUS.

10. At the time of Northwest Forest Products's entries, softwood lumber properly classified under heading 4407 HTSUS was subject to antidumping and countervailing duties.

11. Northwest Forest Products intentionally misrepresented the classification of its entries of softwood lumber pursuant to a scheme by which it conspired with its Canadian supplier and paid the supplier to glue subject softwood boards together in Canada into panel shapes.

12. Northwest Forest Products would then import the glued softwood lumber into the United States, misclassifying this lumber as wood panels not subject to antidumping duties.

13. After Northwest Forest Products's softwood lumber had entered into the United States, Northwest Forest Products then "ripped" apart the glued boards at its facility in Tacoma, Washington, and sold the imported merchandise as softwood lumber in the United States.

14. Terry Swanson, one of Northwest Forest Products's principals and a company director, admitted to Federal agents the facts identified in ¶¶ 11 through 13.

15. Northwest Forest Products knowingly conducted this scheme with the intent of evading antidumping and countervailing duties upon its entries of softwood lumber.

16. The false documents, statements, acts, and/or omissions were material because they resulted in the circumvention of the antidumping and countervailing duty orders and had the potential to adversely affect the collection and reporting of accurate trade statistics.

17. CBP issued to Northwest Forest Products statutory pre-penalty and penalty notices pursuant to 19 U.S.C. § 1592(b), demanding payment of a penalty for fraud in the amount of \$2,185,381.00, the entered value of the subject merchandise.

18. Northwest Forest Products has not paid any part of the claimed penalty.

COUNT I

19. The allegations contained in paragraphs 1 through 18 are restated and incorporated by reference.

20. Northwest Forest Products fraudulently violated 19 U.S.C. §1592(a) when it falsely classified and described the Canadian softwood lumber it imported into the United States,

because it knowingly provided CBP with documents that misdescribed and misclassified the lumber in an attempt to evade appropriate antidumping and countervailing duties.

21. Northwest Forest Products is therefore liable for a penalty for fraud in the amount of \$2,185,381.00, the entered value of the merchandise. 19 U.S.C. § 1592(c)(1).

COUNT II

22. The allegations contained in paragraphs 1 through 21 are realleged and incorporated by reference.

23. In the alternative, if Northwest Forest Products did not enter the Canadian softwood lumber through by means of fraud, then it did so by means of gross negligence in violation of 19 U.S.C. § 1592(a).

24. If the Court were to conclude that Northwest Forest Products's violations were the result of gross negligence, then Northwest Forest Products is liable for a penalty in the amount of \$874,152.40, which is 40 percent of the dutiable value of the merchandise, pursuant to 19 U.S.C. § 1592(c)(2)(B).

COUNT III

25. The allegations contained in paragraphs 1 through 24 are realleged and incorporated by reference.

26. In the alternative, if Northwest Forest Products did not enter the Canadian softwood lumber through by means of fraud or gross negligence, then it did so by means of negligence in violation of 19 U.S.C. § 1592(a).

27. If the Court were to conclude that Northwest Forest Products's violations were the result of negligence, then Northwest Forest Products is liable for a penalty in the amount of

\$437,076.20, which is 20 percent of the dutiable value of the merchandise, pursuant to 19 U.S.C. § 1592(c)(3)(B).

WHEREFORE, the United States respectfully requests that the Court enter judgment in its favor as follows:

- (1) On Count I, against Northwest Forest Products for \$2,185,381.00 for civil penalties for fraudulent violations of 19 U.S.C. § 1592(a), plus costs and attorney fees;
- (2) Alternatively, on Count II against Northwest Forest Products, for \$874,152.40 for civil penalties for grossly negligent violations of 19 U.S.C. § 1592(a), plus costs and attorney fees;
- (3) Alternatively, on Count III against Northwest Forest Products, for \$437,076.20 for civil penalties for grossly negligent violations of 19 U.S.C. § 1592(a), plus costs and attorney fees; and
- (4) Any other as the Court deems just and appropriate.

Respectfully submitted,

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May 10, 2011

Attorneys for Plaintiff

Appraisal Worksheet					
	Violator:	Northwest Forest Products			
	Violation:	Edge glued cedar panels should be classified as 4407100068 not 4421909740			
	Appraiser:	Jill Peck, Import Specialist			
		Modified 8/13/07 by Lorisa Hubsch, I.S. (added frt. and Domestic Value)			
	Entry Number	Date of Entry	Entered Value	Appraised Value	Domestic Value
1	11036349738	03/03/03	\$18,413.00	\$18,413.00	\$18,748
2	11036353714	03/10/03	\$17,021.00	\$17,021.00	\$17,455
3	11036356261	03/12/03	\$17,243.00	\$17,243.00	\$17,689
4	11036359422	03/17/03	\$25,294.00	\$25,294.00	\$25,740
5	11036363341	03/24/03	\$40,394.00	\$40,394.00	\$40,840
6	11036364810	03/25/03	\$42,368.00	\$42,368.00	\$42,833
7	11036367730	03/28/03	\$38,875.00	\$38,875.00	\$39,340
8	WQO12865573	03/31/03	\$15,792.00	\$15,792.00	\$16,189
9	11036369678	04/02/03	\$42,974.00	\$42,974.00	\$43,439
10	11036372359	04/04/03	\$41,021.00	\$41,021.00	\$41,486
11	11036375709	04/16/03	\$40,599.00	\$40,599.00	\$41,064
12	WQO12868213	04/17/03	\$46,261.00	\$46,261.00	\$46,726
13	11036383943	04/21/03	\$43,391.00	\$43,391.00	\$43,856
14	WQO12869153	04/28/03	\$35,414.00	\$35,414.00	\$35,864
15	WQO12871118	05/06/03	\$28,447.00	\$28,447.00	\$28,897
16	11036398552	05/14/03	\$32,335.00	\$32,335.00	\$32,785
17	11036398560	05/14/03	\$19,816.00	\$19,816.00	\$20,266
18	11036398933	05/14/03	\$38,163.00	\$38,163.00	\$38,613
19	11036401356	05/19/03	\$26,358.00	\$26,358.00	\$26,704
20	11036410316	06/03/03	\$20,651.00	\$20,651.00	\$20,997
21	11036412676	06/06/03	\$26,107.00	\$26,107.00	\$26,453
22	11036414805	06/09/03	\$22,888.00	\$22,888.00	\$23,338
23	11036420711	06/18/03	\$30,576.00	\$30,576.00	\$31,026
24	11036422469	06/19/03	\$30,218.00	\$30,218.00	\$30,668
25	11036426999	06/26/03	\$28,932.00	\$28,932.00	\$29,316
26	11036432278	07/08/03	\$35,417.00	\$35,417.00	\$35,855
27	11036433672	07/09/03	\$42,339.00	\$42,339.00	\$42,777
28	11036433797	07/10/03	\$31,124.00	\$31,124.00	\$31,562
29	11036435503	07/11/03	\$29,139.00	\$29,139.00	\$29,577
30	11036437814	07/16/03	\$25,638.00	\$25,638.00	\$26,138
31	11036437533	07/16/03	\$23,477.00	\$23,477.00	\$23,977
32	11036439935	07/21/03	\$25,036.00	\$25,036.00	\$25,474
33	11036443911	07/24/03	\$31,912.00	\$31,912.00	\$32,350
34	11036445254	07/25/03	\$31,661.00	\$31,661.00	\$32,099
35	11036445908	07/28/03	\$30,590.00	\$30,590.00	\$31,028
36	WQO12885076	07/28/03	\$41,029.00	\$41,029.00	\$41,467
37	11036446096	07/15/03	\$32,266.00	\$32,266.00	\$32,704
38	11036446815	07/29/03	\$32,193.00	\$32,193.00	\$32,631
39	11036447524	07/30/03	\$31,275.00	\$31,275.00	\$31,713
40	11036447979	07/31/03	\$32,592.00	\$32,592.00	\$33,030
41	11036447987	07/31/03	\$34,665.00	\$34,665.00	\$35,103
42	11044316554	08/05/03	\$24,312.00	\$24,312.00	\$24,591
43	11044316828	08/08/03	\$38,964.00	\$38,964.00	\$39,402
44	11044318279	08/07/03	\$52,661.00	\$52,661.00	\$53,099
45	11044318113	08/07/03	\$51,763.00	\$51,763.00	\$52,201
46	WQO12885910	08/08/03	\$3,709.00	\$3,709.00	\$3,813
47	11044320135	08/11/03	\$20,620.00	\$20,620.00	\$20,957
48	WQO12886215	08/12/03	\$29,772.00	\$29,772.00	\$30,210
49	11044321505	08/12/03	\$27,375.00	\$27,375.00	\$27,813
50	WQO12886280	08/13/03	\$32,120.00	\$32,120.00	\$32,558
51	11044322941	08/14/03	\$20,835.00	\$20,835.00	\$21,273
52	11044323394	08/14/03	\$26,590.00	\$26,590.00	\$27,028
53	11044324004	08/15/03	\$23,206.00	\$23,206.00	\$23,644

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		Modified 8/13/07 by Lorisa Hubsch, I.S.			
		(added frt. and Domestic Value)			
	Entry Number	Date of Entry	Entered Value	Appraised Value	Domestic Value
54	11044325803	08/19/03	\$26,678.00	\$26,678.00	\$27,015
55	11044326074	08/19/03	\$26,573.00	\$26,573.00	\$27,011
56	WQO12886942	08/21/03	\$30,646.00	\$30,646.00	\$31,084
57	11044330084	08/25/03	\$26,793.00	\$26,793.00	\$27,013
58	11044330662	08/25/03	\$47,403.00	\$47,403.00	\$47,841
59	11044331736	08/27/03	\$33,982.00	\$33,982.00	\$34,420
60	11044332627	08/28/03	\$39,384.00	\$39,384.00	\$39,822
61	11044334201	08/29/03	\$32,531.00	\$32,531.00	\$32,876
62	11044475228	09/02/03	\$37,269.00	\$37,269.00	\$37,707
63	11044478131	09/08/03	\$25,189.00	\$25,189.00	\$25,534
64	11044479410	09/09/03	\$27,617.00	\$27,617.00	\$28,055
65	11044432922	09/15/03	\$28,179.00	\$28,179.00	\$28,617
66	11044456954	09/22/03	\$25,809.00	\$25,809.00	\$26,154
67	11044457648	09/23/03	\$22,989.00	\$22,989.00	\$23,334
68	11044458729	09/25/03	\$21,173.00	\$21,173.00	\$21,518
69	11044459917	09/26/03	\$19,268.00	\$19,268.00	\$19,643
70	11044459370	09/26/03	\$23,276.00	\$23,276.00	\$23,651
71	11044481754	09/30/03	\$28,681.00	\$28,681.00	\$29,119
72	WQO12891033	09/17/03	\$30,110.00	\$30,110.00	\$30,485
			\$2,185,381.00	\$2,185,381.00	\$2,215,303
	Appraising Officer:				Date: