



## Do you ever need an import license?



You are wrong if you think that importers never need to worry about import licenses. Sometimes an importer is legally required to apply for and get a license or permit. For example, the USDA may require a written permit to import plants and fresh and/or frozen fruits and vegetables (including fresh herbs and sprouts) for consumption. You may need a license from the Department of Justice to import munitions. Importers may need a US Fish and Wildlife Service permit to import nonhuman animals. If you want to import alcoholic beverages or tobacco products, you will require a special permit from the Alcohol and Tobacco Tax and Trade Bureau. Apply for a license to the U.S. Nuclear Regulatory Commission if importing nuclear equipment and material. The Centers for Disease Control and Prevention Import Permit Program allows the importation of infectious biological agents. The Drug Enforcement Agency requires a permit for the importation of certain controlled substances. Steel mill imports require a license from the Department of Commerce. In addition to these federal permits and licensing, state governments often impose their own import licensing and permit requirements. Additional import permits and licenses may be required.

# ALUMINUM AND STEEL TARIFFS QUIZ

How up are you on the new tariffs on aluminum and steel imports? Take this quiz and find out. This quiz is correct as of the day of publication, but is subject to sudden change. Answers are at the end of the quiz.

1. The new tariffs amount to:
  - A. 25% on steel and aluminum
  - B. 25% on steel and 10% on aluminum
  - C. 10% on steel and 25% on aluminum
  - D. 10% on steel and aluminum
2. The President's legal justification for the new tariffs is:
  - A. the federal treasury needs more money
  - B. a trade imbalance threatens job growth
  - C. the new tariffs are in the best interest of domestic manufacturers
  - D. imported steel and aluminum threatened to impair the national security
3. Why is Section 232 of the Trade Expansion Act of 1962 relevant?
  - A. It allowed the President to unilaterally impose the tariffs on steel and aluminum, set quotas, and exempt certain countries.
  - B. It set the percentage of the tariff increases.
  - C. It exempted US steel and aluminum manufacturers from foreign tariffs.
  - D. It is irrelevant.
4. Which countries did the President permanently exempt from new steel and aluminum tariffs?
  - A. Argentina, Australia, Brazil, and South Korea
  - B. Canada and Mexico
  - C. Argentina, Peru, and South Korea
  - D. None
5. Which countries did the President temporarily exempt from new steel and aluminum tariffs and that exemption expired recently?
  - A. Canada, Mexico, and the European Union
  - B. The European Union
  - C. Canada and Mexico
  - D. The President did not temporarily exempt any countries

6. The President imposed absolute quotas on which countries?
- A. Canada, Mexico, and the European Union
  - B. Canada and Mexico
  - C. Argentina, Brazil, and South Korea
  - D. The President did not impose absolute quotas
7. You may be granted an exclusion from the new tariffs if:
- A. Your organization uses aluminum in business activities in the United States
  - B. Your imported steel or aluminum product is not produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality.
  - C. For national security reasons
  - D. All of the above
8. Exclusions are good for how long?
- A. permanent until rescinded by executive order
  - B. one year
  - C. two years
  - D. three years
9. When is drawback available for the new aluminum and steel tariffs?
- A. From January 1 through March 30 annually
  - B. From January 1 through May 30 annually
  - C. Different periods depending on the type of drawback
  - D. Never
10. Which HTS chapters do the new aluminum and steel tariffs apply to?
- A. 72, 73, 76, 98, and 99
  - B. 72, 73, 76, 80, and 82
  - C. 72, 73, 76, 80, 82, 98, and 99
  - D. The new tariffs apply across the board to all relevant HTS chapters

Answers: 1-B, 2-D, 3-A, 4-A, 5-A, 6-C, 7-D, 8-B, 9-D, 10-A

**APPLY NOW**

Did you know that not every importer will pay the new steel and aluminum tariffs? These importers are applying for and getting exemptions from the federal government. You may qualify for an exemption. You may also object to someone else's request for an exemption. Your competitors are filing and obtaining exemptions. Why aren't you? Contact our law firm to find out more and to discover how we can help you apply for and get an exemption or object to an exemption request.



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# Why get a customs broker license?



- **Money** - Whether you are seeking to enhance your resume or launch a new career, a customs broker license will likely increase your worth and your employment opportunities. Having a customs broker license is a great way to become a Compliance Manager, a career that offers a [Median Base Salary of \\$96,000 in the list of 50 Best Jobs in America](#).
- **Marketability** - Outside of The Best Customs Broker Course, few people who take the customs broker exam ever pass. There is an unmet demand for international trade professionals, especially those that are licensed by the U.S. Government. Many of our students are quickly promoted or hired after passing the customs broker exam. Many companies hire licensed customs brokers, including customs brokerages, transportation companies, freight forwarders, importers and exporters, etc.

- **It's Relatively Easy** - People are overwhelmed by the customs broker exam only when they have not properly prepared and have not invested in the correct broker exam review course. The good news is that passing the customs broker exam and getting your customs broker license is a lot easier than securing most any other professional license. We remove all the guesswork. You do not need a college degree or even have high school diploma (although both help), and it does not matter if you have any experience in customs brokerage or international trade. We will help you pass. We guarantee it! We have hundreds of happy graduates and 342 written testimonials to prove it.

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# WEBINARS

Registration: All webinars are one hour long and start at 11 am Central. Registration is \$49 per webinar or \$99 to attend all four webinars.

Webinars are free for clients and students of the Best Customs Broker Course.

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# Are My Goods Subject to Quota?

Import quotas control the amount or volume of various commodities that can be imported into the United States during a specified period of time. Quotas are established by legislation and Presidential proclamations issued pursuant to specific legislation and provided for in the Harmonized Tariff Schedule of the United States (HTSUS).

There are three types of quotas: absolute, tariff-rate, and tariff preference level. Absolute quotas strictly limit the quantity of goods that may enter the commerce of the United States for a specific period. Currently, no goods are subject to absolute quota restrictions. Tariff Rate Quotas (TRQs) permit a specified quantity of imported merchandise to be entered at a reduced rate of duty during the quota period. Once the tariff-rate quota limit is reached, goods may still be entered but at a higher rate of duty. Many Free Trade Agreements (FTAs) and other special trade legislation establish Tariff Preference Levels (TPLs) that Customs and Border Protection (CBP) administers like tariff rate quotas.

Several key factors determine whether a shipment is subject to quota requirements or eligible for preference benefits:

- HTSUS classification (based on merchandise description)
- Textile category number, used to determine proper quantity in square meter equivalents (SMEs) to apply to a quantitative restraint (see #2 below)
- HTSUS chapter notes and additional U.S. notes to HTS chapters
- Country of origin (where the goods were grown, produced, or manufactured)

Evaluating whether goods are subject to quota:



- Determine the HTS number (classification) of the goods by:
  - Contacting an Import Specialist at a CBP port of entry. Refer to the ports page for list of service port telephone numbers.
  - Requesting a binding ruling from the Office of Regulations and Rulings, National Commodity Specialist Division.
  - Querying the Customs Rulings Online Search System (CROSS) for binding rulings previously issued for similar merchandise.
  - Reviewing the Harmonized Tariff Schedule.
- Determine the textile category number (if applicable). The category is a three-digit number listed in parentheses next to the HTSUS number. The category number is used for converting from the reporting quantity as noted in the HTSUS to the square meter equivalent, the unit of measure for the restraint limit of the TPL. The category number, not the conversion factor is in the HTSUS. For more information on textile categories and SME conversion factors see the U.S. Textile and Apparel Category System correlation.
  - Determine whether the merchandise qualifies for preferential treatment and is subject to a restraint limit under a Free Trade Agreement or other special trade program.
  - If the merchandise qualifies for preferential treatment (see above), refer to the Commodity Status Report for Tariff Rate Quotas. This weekly report provides information on imported merchandise subject to Tariff Rate Quotas. The four most recent reports are available on this web page. In addition to textiles, the Commodity Status Report also contains information about food/agricultural and non-textile products, whose quotas are specified in notes to HTS chapters. This report assists in tracking rates of fill for the various import restraint limits.
  - Any additional relevant information for a particular quota is posted on the CBP website in the form of Quota Bulletins and Textile Book Transmittals (TBTs).

[This Quota guide is from CBP and can be found here.](#)

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### Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Tuesday, June 12, 2018

### **California Residents Plead Guilty to Scheme to Illegally Export Components for Production of Night Vision Rifle Scopes**

Naum Morgovsky, 69, and Irina Morgovsky, 66, both of Hillsborough, California, pleaded guilty today for their respective roles in a scheme to export components for the production of night vision and thermal devices in violation of the Arms Export Control Act. Naum Morgovsky also pleaded guilty to laundering the proceeds of from the scheme.

Assistant Attorney General for National Security John C. Demers, Acting U.S. Attorney Alex G. Tse for the Northern District of California and Special Agent in Charge John F. Bennett of the FBI's San Francisco field office made the announcement. The pleas were accepted by the Honorable Vince Chhabria, U.S. District Judge, during jury selection.

According to their guilty pleas, Naum Morgovsky and Irina Morgovsky admitted that from April 2012 until Aug. 25, 2016, they conspired to export without the necessary license to a company in Moscow, Russia, numerous scope components, including image intensifier tubes and lenses. They further admitted a coconspirator in Russia communicated to them lists of components necessary for the Russian business to manufacture certain night vision devices. The couple used their U.S. business, Hitek International, to purchase these components and misrepresented to the sellers that the products would not be exported. The couple then shipped the products to Russia and other countries in Europe where an associate arranged for them to be hand-carried into Russia. Further, the couple admitted the scope components they exported were on the U.S. Munitions List and that they therefore were not permitted to export the items without a license from the Department of State, Directorate of Defense Trade Controls. The defendants admitted they knew a license was required to export the components and that they did not obtain a license.

In addition to exporting the components, Naum Morgovsky admitted he took steps to conceal his crimes so that the couple could continue to run the illegal export business undetected. Specifically, he admitted he laundered the proceeds of the export crimes and used the name of a deceased person to conceal the fact that he was the source and owner of a U.S.-based account.

On April 27, 2017, a federal grand jury issued a superseding indictment charging the Morgovskys, along with Mark Migdal, 72, of Portola Valley, California, for their respective roles in three related schemes — the illegal export scheme resolved by today's plea agreements, and two additional bank fraud schemes allegedly involving Naum Morgovsky. With respect to the illegal export scheme, the grand jury charged Naum Morgovesky with conspiracy to violate the Armed Export Control Act, and two counts of money laundering. The grand jury charged Irina Morgovesky with the conspiracy and with misuse of a passport. Pursuant to today's plea agreements, the couple pleaded guilty all the charges with the exception of the passport charge pending against Irina Morgovesky — that charge will be dismissed.

On Nov. 10, 2017, Judge Chhabria severed the case to allow the illegal export charges to be handled separately from the allegations regarding the bank fraud scheme alleged in the April 27, 2017, indictment. The bank fraud charges are still pending against Naum Morgovesky. According to the indictment, Naum Morgovesky conspired with Migdal to defraud two federally-insured banks, now Bank of America and EverBank, by seeking those banks' approval for a short sale of two condominiums. The condominiums were in Kihei, Maui, and were in the same building as a condominium that had been owned by Migdal. The indictment alleges Morgovsky and Migdal conspired to convince the banks to allow the properties to be sold in a short sale to an individual who was deceased. A short sale is a sale in which a lender allows a property to be sold at a price that is less than the amount owed on the loan. Morgovsky also is accused of submitting false statements to the banks about Migdal's employment status and income. The indictment charges Naum Morgovsky and Migdal with conspiracy to commit bank fraud, and two counts of bank fraud, related to the sale of the Hawaii properties.

On July 25, 2017, Migdal pleaded guilty to his part in the conspiracy and to two counts of making false statements on loan and credit applications. On April 24, 2018, Judge Chhabria sentenced Migdal to 18 months in prison and ordered him to pay a \$1,000,000 fine, to pay \$460,215 in restitution, and to serve 3 years of supervised release.

In sum, the charges and maximum statutory sentences against Naum Morgovsky are as follows:

Count	Charge	Statue	Status	Maximum Sentence
One	Conspiracy to Commit Bank Fraud	18 U.S.C. § 1349	Pending	30 years; \$1,000,000 fine
Two	Bank Fraud	18 U.S.C. § 1344	Pending	30 years; \$1,000,000 fine
Three	Bank Fraud	18 U.S.C. § 1344	Pending	30 years; \$1,000,000 fine
Four	Aggravated Identity Theft	18 U.S.C. § 1028A	Pending	2 years consecutive to any other sentence; \$250,000 fine
Nine	Armed Export Control Act Conspiracy	22 U.S.C. § 2778	Pleaded Guilty	20 years; \$1,000,000 fine
Ten	Money Laundering	18 U.S.C. § 1956(a)(1)(B)(i)	Pleaded Guilty	20 years; \$500,000 fine or twice the value of funds involved
Eleven	International Money Laundering	18 U.S.C. § 1956(a)(2)(A)	Pleaded Guilty	20 years; \$500,000 fine or twice the value of funds involved

The charges against Irina Morgovsky are as follows:

Count	Charge	Statue	Status	Maximum Sentence
Nine	Armed Export Control Act Conspiracy	22 U.S.C. § 2778	Pleaded Guilty	20 years; \$1,000,000 fine



The maximum statutory sentences are prescribed by Congress and provided here for informational purposes; the sentencing of the defendants will be determined by the court based on the advisory Sentencing Guidelines and other statutory factors.

A sentencing hearing for today's guilty pleas is scheduled for Sept. 18. No date has been scheduled yet to resolve the remaining charges against Naum Morgovsky.

The prosecution is the result of an investigation by the counterintelligence squad of the FBI, with assistance from IRS-Criminal Investigation and the Department of Commerce, Bureau of Industry and Security.

The case is being prosecuted by Assistant U.S. Attorneys Colin Sampson and Erin Cornell of the Northern District of California, and Trial Attorney Jason McCullough of the National Security Division's Counterintelligence and Export Control Section.

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This email was sent to you by GRVR Attorneys

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