

## The Importance of Follow-Up on Corrective Action

by Michelle Kelley - Monday, June 27, 2011

If U.S. Customs issues you a corrective action, what should you do? Should you a) make the correction as quickly as possible or b) do nothing?

The answer: A. You should **ALWAYS** make the correction as quickly as possible.

On June 15, in *U.S. v. Trek Leather Inc. and Harish Shadadpuri*, the Court of International Trade ruled on the consequences of “doing nothing” in response to a corrective action issued by Customs.

For failing to correct an error that the importer had previously admitted to Customs, the defendants in this case were not only ordered to pay the duty for previously unreported fabric assists (plus interest starting from the time the entry was liquidated), they were also ordered to pay more than \$500,000 in civil penalties for their gross negligence.

With this recent judgment, all U.S. importers should be aware of the importance of following up as soon as possible on a corrective action issued by Customs. Correct your mistakes and correct them quickly to avoid steep penalties and fines.



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