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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA *ex. rel.*
ANGELO MORRONGIELLO,

Plaintiff,

v.

MIROGLIO TEXTILES USA, INC.; MIROGLIO
TEXTILE S.R.L.; and MIROGLIO JIAXING
TRADING CO., LTD.,

Defendants.

No. 17 Civ. 4842 (LLS)

UNITED STATES OF AMERICA,

Plaintiff-Intervenor,

v.

MIROGLIO TEXTILES USA, INC. and
MIROGLIO TEXTILE S.R.L.,

Defendants.

COMPLAINT-IN-INTERVENTION OF THE UNITED STATES OF AMERICA

The United States of America (the “Government” or the “United States”), by its attorney, Geoffrey S. Berman, United States Attorney for the Southern District of New York, files this Complaint-in-Intervention against defendants Miroglio Textiles USA, Inc. (“Miroglio USA”), and Miroglio Textile s.r.l. (“Miroglio Italy,” and collectively, “Defendants” or the “Miroglio Group”), alleging as follows:

PRELIMINARY STATEMENT

1. In this Complaint-In-Intervention in this civil fraud action, the Government seeks damages and civil penalties against Defendants under the False Claims Act, 31 U.S.C. § 3729 *et seq.*, based on Defendants’ knowing and fraudulent evasion of customs duties owed on fabric, decals, and other merchandise imported into the United States.

2. As set forth below, as part of their scheme to defraud the United States of customs duties, which lasted from at least 2009 through 2018 (the “Relevant Period”), Defendants knowingly caused customs entry forms and associated invoices to be presented to U.S. Customs and Border Protection (“CBP”), a component of the U.S. Department of Homeland Security, which set forth false valuations of the merchandise at issue. By fraudulently understating the value of the imported goods, Defendants purposely sought to avoid scrutiny by customs officials and avoided paying hundreds of thousands of dollars in customs duties that Defendants were otherwise obligated to pay.

3. Defendants’ scheme centered around using Miroglio USA to create sham intermediary “sales” of goods that the Miroglio Group imported into the United States. These transactions existed only on paper, resulting in dual invoices for each shipment: one reflecting the true negotiated and ultimately paid price generated for the end customer, and one reflecting a false lower price for the same goods—a fraudulent intermediary “sale” to Miroglio USA—

generated to provide to CBP officials. Miroglio Italy's sham sales to Miroglio USA lacked any legitimate basis, and their sole purpose was to enable Defendants to lie to customs officials about the true value of the Miroglio Group's imports. Defendants were fully aware of the fraudulent nature of their scheme, as evidenced by communications among employees, which include statements such as: "Doing what we are doing is illegal."

JURISDICTION AND VENUE

4. This Court has jurisdiction over the claims brought under the False Claims Act pursuant to 31 U.S.C. § 3730(a), and 28 U.S.C. §§ 1331 and 1345.

5. This Court may exercise personal jurisdiction over Defendants pursuant to 31 U.S.C. § 3732(a).

6. Venue is appropriate in this District pursuant to 31 U.S.C. § 3732(a), as well as 28 U.S.C. § 1391(b), because a substantial part of the events or omissions giving rise to the claims occurred in this District.

PARTIES

7. Plaintiff is the United States of America.

8. Relator Angelo Morrongiello is a resident of New York and was the Chief Executive Officer of Miroglio USA from the beginning of the Relevant Period until January 2017.

9. Defendant Miroglio USA is a New York corporation with its principal place of business in New York, New York. Miroglio USA is the wholly-owned subsidiary of Defendant Miroglio Italy. During the Relevant Period, Miroglio USA was engaged in the importation of fabric, decals, and other items into the United States on behalf of the Miroglio Group.

10. Defendant Miroglio Italy is an Italian corporation headquartered in Alba, Italy. During the Relevant Period, Miroglio Italy was in the business of manufacturing, selling, and importing and exporting fabrics, decals, and other textiles to customers in the United States and in other countries around the world.

FACTUAL ALLEGATIONS

A. Import Entry Reporting Obligations and Payment of Customs Duties

11. All merchandise imported into the United States is required to be “entered,” unless specifically excepted. 19 C.F.R. § 141.4(a); 19 U.S.C. § 1484. “Entry” means, among other things, that an importer or its agent must file appropriate documentation and data with an officer of CBP that allow the agency to assess the customs duties due on the merchandise being imported into the United States. 19 C.F.R. § 141.0a(a).

12. For all merchandise imported into the United States, the importer, its agent, or any other entity serving as “importer of record” is responsible for paying the customs duty, and using reasonable care in providing accurate documentation and data to CBP that allows the agency to assess the customs duties due on the merchandise. 19 U.S.C. § 1484(a)(1)(B).

13. The documents required to be filed with CBP in order to complete entry include, among other things: (i) an entry summary (CBP Form 7501) that declares the value of the merchandise and the applicable duty rate, and (ii) a commercial invoice that provides verification of the value of the merchandise. *See, e.g.*, 19 C.F.R. §§ 141.19(a), 141.81, 141.86(a), 142.3(a), 142.6(a).

14. Generally, the importer of record is required to deposit estimated duties with CBP at the time of entry. 19 U.S.C. § 1505; 19 C.F.R. § 141.101. In most cases, the amount of

customs duty owed is equal to the value of the imported merchandise multiplied by the applicable duty rate.

15. The value or approximate value of the imported merchandise must be declared in the commercial invoice and entry summary. Federal law provides that every importer of record must also file a declaration stating that the values set forth on these documents are accurate. 19 U.S.C. § 1485.

16. The entry summary form includes a declaration by the importer that “the statements in the documents herein filed fully disclose to the best of my knowledge and belief the true prices, values, quantities . . . and are true and correct,” and that the declarant “will immediately furnish to the appropriate CBP officer any information showing a different statement of facts.” CBP Form 7501.

17. Generally, importers of record are required to declare the “transaction value” of the goods, which is the price actually paid or payable for the merchandise plus, if applicable, certain additional costs incurred with respect to the merchandise. 19 U.S.C. § 1401a(a), (b).

18. However, the declared transaction value may not be used as the basis for calculating duty where the buyer and seller are related parties, unless the importer of record can demonstrate that the relationship between the parties to the transaction did not influence the price. *See* 19 U.S.C. § 1401a(g). That the price was not influenced by the relationship can be established in one of two ways, either: (i) providing “test values” for the merchandise in question in the form of previous appraisals, or (ii) affirmatively demonstrating that “circumstances of the sale” show that the transaction was a bona fide sale between truly independent parties. 19 U.S.C. § 1401a(b)(2)(B).

19. Among the factors that are considered as part of the “circumstances of the sale” test are whether the related-party importer maintains any meaningful physical inventory, has any authority over the setting of prices, has the ability to select its own customers, and receives actual consideration as part of the transaction. *See* CBP Customs Ruling H219515.

20. Where an importer cannot demonstrate that the relationship between buyer and seller did not influence the price, either through test values or through the circumstances of the sale, the declared transaction value may not be used to calculate the applicable duty. Instead, the importer must use the “deductive value” of the merchandise. Where the relevant merchandise is sold in the condition as imported, at or near the date of importation, the deductive value is the unit price at which the merchandise is sold to an unrelated party at the “first commercial level” after importation. 19 U.S.C. § 1401a(d)(2).

21. Importers and related entities have the option of seeking Headquarters Ruling Letters from CBP in cases where the appropriate valuation may be in doubt.

22. Defendants, like many other importers and importers of record, used a customs broker to assist them in clearing goods for entry by preparing the entry summary and other necessary paperwork, and calculating taxes and duties. The customs broker completed the entry summary based on the information, including invoices, provided by Miroglio USA, which remains responsible for the accuracy of the information reported to CBP.

B. Defendants’ Scheme to Defraud the United States

23. Defendants fraudulently underpaid customs duties owed to the Government in connection with fabrics, decals, and other products imported into the United States, by making false representations on entry documents filed with CBP about the value of the imported merchandise.

24. The Government did not become aware of Defendants' scheme, or its underlying details as set forth below, until on or about June 27, 2017.

25. During the Relevant Period, Defendants made thousands of unique entries of fabrics, decals, and other products into the United States. Defendants significantly under-reported the total value of these goods in these entries to CBP, which relied on Defendants' submissions in order to calculate the appropriate duties.

26. Miroglio USA is a wholly owned subsidiary of Miroglio Italy and the two Defendants are related parties under 19 U.S.C. § 1401a(g).

27. However, Defendants affirmatively and falsely stated that they were not related parties on all relevant submissions to CBP made in connection with their imports during the Relevant Period.

28. The values of Defendants' goods as reported to CBP were in fact wholly influenced by their related status and were fraudulent.

Sham Intermediary "Sales" to Miroglio USA

29. Defendants used Miroglio Italy's wholly-owned subsidiary Miroglio USA, in name a separate entity but in reality a shell company lacking any real independence from Miroglio Italy, in order to create sham intermediary sales of their goods at artificially low prices, before their immediate "resale" to Defendants' true, pre-determined end customers at the goods' actual values. The intermediate "sales" to Miroglio USA were not bona fide transactions, but simply a ploy to enable Defendants to report artificially low, and fraudulent, values on customs forms.

Miroglio USA Had No Meaningful, Bona Fide Role in Sales to End Customers

30. During the Relevant Period, Miroglio USA had one employee, the relator, who held the title of Chief Executive Officer.

31. Despite this title, neither the relator nor Miroglio USA ever had any actual authority to make any of the decisions material to the transactions at issue, including decisions that were ostensibly under the purview of Miroglio USA.

32. For instance, neither the relator nor Miroglio USA had any role in determining which of the Miroglio Group's products would be offered for sale each season, the seasonally-set prices of the products, or the identity of the Miroglio Group's customers. Instead, each year, Miroglio Italy determined which goods and products would be offered for sale to end customers and determined the official list prices for these goods and products. Miroglio USA, despite its role on paper as an intermediary merchant, played no role in deciding which products it would supposedly "sell" nor in negotiating the terms of its "sales," as would be the case if it were engaged in bona fide transactions.

33. Moreover, Miroglio USA lacked any meaningful role in the Miroglio Group's business of producing and selling fabrics and other products, such as in manufacturing, research and development, marketing, or sales.

34. Instead, independent-contractor sales agents were responsible for marketing the products and securing sales to customers located in the United States and elsewhere. The sales agents, who ostensibly contracted with Miroglio USA, logged their sales in a computer system that was maintained in Italy by Miroglio Italy, and only Miroglio Italy had the final authority to sign off on the terms and conditions of the sales, including price.

35. The Miroglio Group's customers had no awareness of any intermediary transaction between Miroglio Italy and Miroglio USA before the products reached them. In fact, on at least one occasion, a customer of the Miroglio Group expressed confusion when Defendants inadvertently sent the customer an invoice associated with the Defendant that was not the ostensible seller.

36. Indeed, the products in question in Defendants' transactions were shipped directly to the actual end customer. Miroglio USA never took possession of the products that it was allegedly "buying" from Miroglio Italy and "selling" to end customers. Indeed, Miroglio USA did not maintain any actual inventory of products for sale, aside from a few sample pieces.

37. Upon consummation of an agreement with an end customer for the purchase of merchandise, Miroglio Italy would generate two invoices at or around the same time: one for the end customer reflecting the agreed-upon terms, including the price, and a second invoice reflecting a fraudulent intermediary sale of the same type and quantity of product to Miroglio USA. This second invoice to Miroglio USA always included a price that was much lower, by as much as a third or more, than the price charged to the end customer.

The Sale Prices to Miroglio USA Were Arbitrary and Illegitimate

38. The lower price reflected on the second invoice to Miroglio USA was not the result of any bona fide valuation or negotiation, arms-length or otherwise, but was instead unilaterally determined by Miroglio Italy based on an arbitrary "discount" from the actual, end customer price.

39. Defendants determined this "discount price" without regard to any legitimate factor relevant to each individual product's actual valuation. For instance, the "discount price" did not reflect demand and other market conditions, competitors' prices, or costs of production

and marketing. Instead, the “discount price” was entirely artificial, created out of whole cloth solely so that Defendants could report a lower value for duty calculation purposes rather than the actual dutiable value.

40. In determining the “discount price,” Defendants’ officers and employees purposefully sought to arrive at a figure that would reap as large a windfall as possible without arousing suspicion on the part of customs officials or the Internal Revenue Service. Specifically, Defendants chose an arbitrary, across-the-board discount for all products. This discount was designed to superficially appear to satisfy standards used to assess the propriety of transactions between related parties, but in reality was not a proper way to determine valuation of merchandise in individual import entries. As explained, a shipment’s actual valuation must instead be based on legitimate, individualized factors, such as market conditions at the time of sale, competitors’ prices, and costs of production and marketing. *See* 19 U.S.C. § 1401a; CBP Customs Ruling H219515.

41. That the “discount price” reported to CBP lacked any legitimate basis is further shown by the fact that, at times, the reported “discount price” would not even have covered the goods’ costs of production. The actual price the end customers paid to Miroglio Italy, by contrast, did appropriately reflect costs and other market considerations.

42. Furthermore, Miroglio Italy did not receive any real consideration from Miroglio USA as part of these intermediary “sales.” While Miroglio Italy maintained records of its “sales” to Miroglio USA listing each individual shipment, these were strictly paper transactions, as Miroglio USA never made any kind of legitimate payment for any of them.

43. The payments made by the Miroglio Group's end customers were routed, based on Miroglio Italy's instructions into a bank account nominally in Miroglio USA's name, but in reality controlled by Miroglio Italy.

44. At Miroglio Italy's instruction, Miroglio USA would periodically (typically on an annual basis) wire large payments from this bank account, ranging from approximately \$52,000 to \$437,000, from this bank account to other Miroglio entities, including Miroglio Italy. These payments were made, and the amounts involved were determined, according to Miroglio Italy's operational needs and did not correspond to the specific amounts ostensibly paid by Miroglio Italy to Miroglio USA for the sham "sales." In effect, Miroglio Italy treated the account as its own, the repository of *its* gross income from all sales to end customers that were ostensibly made by the declared importer of record, Miroglio USA.

Defendants Knew Their Actions Were Fraudulent

45. Defendants' executives, officers, and employees were fully aware of the fraudulent nature of the intermediary "sales" from Miroglio Italy to Miroglio USA.

46. On at least one occasion in 2013, an employee of another subsidiary of Miroglio Italy, Miroglio Jiaxing, became concerned regarding the scheme. In an email to Miroglio employees and a sales agent, this employee wrote that "[c]hecking the invoices I have noted that we have invoice [*sic*] to Miroglio USA at a very low price, a price that is not covering even our costs, like usually all the invoices have been arranged when we have a re-invoicing [for intermediary sale to Miroglio USA]."

47. When this employee suggested that Defendants start to invoice the end customer directly, rather than go through Miroglio USA, Miroglio Group executives rejected the idea. One Miroglio Italy executive responded that "a direct sale . . . to the final customer in the US will

represent a problem with US custom point (we sell same product to two customers, [the end customer] and Miroglio Textiles USA, by using two different prices).”

48. In response, the Miroglio Jiaxing employee stated: “I cannot sell to Miroglio USA at one price that is cheaper [than] our purchasing cost. I need a price in order to cover the costs and to allow me a margin. Doing what we are doing is illegal.” The employee again suggested that the Miroglio Group could ship directly to this end customer. The employee pointed out that, since the end customer “will ask [Miroglio Jiaxing] to ship to their garments maker in [S]outh [A]merica,” Miroglio USA “would not really [have] a justified part in the invoicing.”

49. The Miroglio Italy executive was adamant however that intermediary “sales” to Miroglio USA be preserved: “The fact that [the end] customer will pay in advance is not significant at all. . . . for goods to be sent inside [the] US, we have to use Miroglio Textile USA without any exceptions.”

50. Defendants never sought clarification from CBP in the form of a Headquarters Ruling Letter, which they could have done at any time during the Relevant Period, as to whether their practices described herein and the valuations they reported to CBP were proper.

51. For the reasons described above, the prices at which the Miroglio Group’s goods were “sold” to Miroglio USA for importation purposes were not bona fide and were in fact part of a deliberate scheme to pay lower customs duties. As such, the transaction values reported on Defendants’ CBP Form 7501s were invalid and could not legally be used to establish the proper duties owed. Defendants should have instead paid duties based on the deductive value of the goods, in this case the price charged and paid by the actual end customers, who were the “first commercial level” parties to the sales.

Examples of False Claims Submitted to CBP

52. The following constitute representative examples of the false entry summaries and false invoices that Defendants caused to be presented to CBP in order to avoid payment of customs duties. By knowingly causing false entry summaries and false invoices to be submitted to CBP, and by failing to disclose the true value of the goods Defendants were importing, Defendants avoided payment of their customs duty obligations on a substantial part of the value of the items that were imported and ultimately sold to end customers.

False Entry Summary/Invoice 1

53. Invoice number 716527, dated August 1, 2016 (“False Invoice 1”), lists four different fabrics in various quantities being “sold” to Miroglio USA by Miroglio Italy. The total price of the fabrics is falsely stated as \$8,524.18. The invoice further states that the goods are to be “sent to” Miroglio USA at its 1430 Broadway, New York, NY address.

54. The Form 7501 Entry Summary submitted to CBP with False Invoice 1 (“False Entry Summary 1”) reported the value of the goods as \$8,524.18. In reality, as described below, the actual value of the goods was \$13,114.88.

55. The reported price of \$8,524.18 was completely arbitrary and Miroglio USA never paid \$8,524.18 for the goods, nor other consideration whatsoever.

56. Moreover, the described goods were never shipped to Miroglio USA.

57. The actual purchaser of the goods was a company located in San Francisco (“End Customer 1”). End Customer 1 received three separate, additional invoices, reflecting the actual prices for the fabrics as negotiated between End Customer 1 and sales agents working for Miroglio Italy.

58. One invoice issued to End Customer 1, Invoice number 006814, dated August 10, 2016, was used to bill End Customer 1 for the first type of fabric listed in False Invoice 1. The

price of the fabric to be paid by End Customer 1 is stated as \$3,607.65. However, the same item was valued at only \$2,343.76 in False Invoice 1.

59. Similarly, invoice number 006813, also dated August 10, 2016, was used to bill End Customer 1 for the second fabric listed in False Invoice 1 at a total price of \$5,108.79. However, the price of the same item was stated as \$3,322.00 in False Invoice 1.

60. Invoice number 006812, dated August 10, 2016, was used to bill End Customer 1 for the final two fabrics listed in False Invoice 1 and reflected a total price of \$4,398.44 (one fabric priced at \$1,760.13 and the other priced at \$2,638.31). The same fabrics were valued at a total of only \$2,858.42 in False Invoice 1.

61. While Defendants assigned each of the three invoices to End Customer 1 a new invoice number, they each contained, in the upper left corner, the notation “IT. 716527,” referring to False Invoice 1.

62. Comparing False Invoice 1 with the corresponding invoices sent to End Customer 1 reveals the following differences:

	Quantity (yards)	False Invoice 1: Price per Yard	False Invoice 1: Total Price	Actual Invoice: Price per Yard	Actual Invoice: Total Price
Fabric 1	484.248	\$4.84	\$2,343.76	\$7.45	\$3,607.65
Fabric 2	513.446	\$6.47	\$3,322.00	\$9.95	\$5,108.79
Fabric 3	192.364	\$5.95	\$1,144.57	\$9.15	\$1,760.13
Fabric 4	422.130	\$4.06	\$1,713.85	\$6.25	\$2,638.31
			Total: \$8,524.18		\$13,114.88

63. The prices listed in False Invoice 1 reflected a discount of approximately 35% from the actual prices charged to End Customer 1.

64. False Invoice 1 was submitted by Miroglio Italy to a customs broker, which caused it to be submitted to CBP in order to calculate the customs duties owed.

65. The corresponding False Entry Summary 1 calculated customs duties for the fabrics based on the price reflected in False Invoice 1.

66. Because the customs duties were based upon the false lower price, the False Entry Summary 1 falsely represented to CBP that the dutiable value of the goods was \$8,524.18, when in fact duties were due based on a total value of \$13,114.88.

67. False Entry Summary 1 also falsely states that the importer of record, Miroglio USA, is “not related” to the exporter, Miroglio Italy.

False Entry Summary/Invoice 2

68. Invoice number 732909, dated December 19, 2012 (“False Invoice 2”), lists two different fabrics in different quantities being imported by Miroglio USA after purchase from Miroglio Italy at a total price of \$25,619.71. The invoice further states that the goods are to be “sent to” Miroglio USA at its 1430 Broadway address.

69. The Form 7501 Entry Summary submitted to CBP with False Invoice 2 (“False Entry Summary 2”) also reported the value of the goods as \$25,619.71. In reality, as described below, the actual value of the goods was \$38,094.85.

70. The reported price of \$25,619.71 was completely arbitrary and Miroglio USA never paid \$25,619.71 for the goods, nor any other consideration whatsoever.

71. Moreover, the described goods were never shipped to Miroglio USA.

72. The actual purchasers of the goods were two companies located in Los Angeles (“End Customer 2A and 2B”), each of which received separate, additional invoices.

73. For instance, Invoice number 001721, dated December 28, 2012, was used in the shipment of the first of the two fabrics listed in False Invoice 2 to bill End Customer 2A. The price of the fabric was stated as \$37,079.82 on the invoice to End Customer 2A, but that same fabric was valued at only \$24,992.53 in False Invoice 2.

74. Similarly, invoice number 001722, also dated December 28, 2012, was used to bill End Customer 2B for the second fabric listed in False Invoice 2, at a price of \$1,015.03. The price of the same item was valued at only \$627.18 on False Invoice 2.

75. Each of the invoices to End Customers 2A and 2B contains the notation “IT. 732909,” referring to the invoice number of False Invoice 2.

76. Comparing False Invoice 2 with the corresponding invoices to End Customers 2A and 2B reveals the following differences:

	Quantity (meters)	False Invoice 2: Price per Yard	False Invoice 2: Total Price	Actual Invoice: Price per Yard	Actual Invoice: Total Price
Fabric 1	2,770.10	\$9.02	\$24,992.53	\$12.24	\$37,079.82
Fabric 2	97.70	\$6.41	\$627.18	\$9.50	\$1,015.03
			Total: \$25,619.71		\$38,094.85

77. The prices listed in False Invoice 2 reflected a discount of approximately 32% from the prices paid by End Customers 2A and 2B.

78. False Invoice 2 was submitted by Miroglio Italy to a customs broker, which caused it to be submitted to CBP in order to calculate the customs duties owed.

79. The corresponding False Entry Summary 2 calculated customs duties for the fabrics based on the price reflected in False Invoice 2.

80. Because the customs duties were based upon the lower price, False Entry Summary 2 falsely represented to CBP that the dutiable value of the goods was \$25,619.71, when in fact duties were due based on a total value of \$38,094.85.

81. False Entry Summary 2 also falsely states that the importer of record, Miroglio USA, is “not related” to the exporter, Miroglio Italy.

False Entry Summary/Invoice 3

82. Invoice number 703847, dated February 18, 2013 (“False Invoice 3”), lists two different fabrics in different quantities being imported by Miroglio USA after purchase from

Miroglio Italy at a total price of \$44,074.97. The invoice further states that the goods are to be “sent to” Miroglio USA at its 1430 Broadway address.

83. The Form 7501 Entry Summary submitted to CBP with False Invoice 3 (“False Entry Summary 3”) reported the value of the goods as \$44,074.97. In reality, as described below, the actual value of the goods was \$55,766.75.

84. The reported price of \$44,074.97 was completely arbitrary and Miroglio USA never paid \$44,074.97 for the goods, nor any other consideration whatsoever.

85. Moreover, the described goods were never shipped to Miroglio USA.

86. The actual purchaser of the goods was a company located in New York (“End Customer 3”), which received a separate, additional invoice.

87. That invoice, Invoice number 001982, dated February 20, 2013, states the price of the fabric as \$55,766.75.

88. This invoice contains the notation “IT. 703847,” referring to False Invoice 3.

89. Comparing False Invoice 3 with the corresponding invoice to End Customer 3 reveals the following differences:

	Quantity (yards)	False Invoice 3: Price per Yard	False Invoice 3: Total Price	Actual Invoice: Price per Yard	Actual Invoice: Total Price
Fabric 1	7,691.966	\$5.73	\$44,074.97	\$7.25	\$55,766.75
			Total: \$44,074.97		\$55,766.75

90. The price listed in False Invoice 3 reflected a discount of approximately 21% from the actual price charged to End Customer 3.

91. False Invoice 3 was submitted by Miroglio Italy to a customs broker, which caused it to be submitted to CBP in order to calculate the customs duties owed.

92. The corresponding False Entry Summary 3 calculated customs duties for the fabrics based on the price reflected in False Invoice 3.

93. Because the customs duties were based upon the lower price, False Entry Summary 3 falsely represented to CBP that the dutiable value of the goods was \$44,074.97, when in fact duties were due based on a total value of \$55,766.75.

94. False Entry Summary 3 also falsely states that the importer of record, Miroglio USA, is “not related” to the exporter, Miroglio Italy.

95. The false statements that Defendants made to CBP on the entry summaries and related submissions were material to the Government, and the Government would have required payment for the correct, higher duty amounts had Defendants been truthful.

CLAIM FOR RELIEF

Violation of the False Claims Act 31 U.S.C. § 3729(a)(1)(G) Reverse False Claims

96. The Government incorporates by reference each of the preceding paragraphs as if fully set forth in this paragraph.

97. The Government seeks relief against Defendants under Section 3729(a)(1)(G) of the False Claims Act, 31 U.S.C. § 3729(a)(1)(G).

98. As set forth above, Defendants knowingly made, used, or caused to be made or used, false records and/or statements material to an obligation to pay or transmit money or property, in the form of customs duties to the United States, and knowingly concealed and knowingly and improperly avoided or decreased an obligation to pay or transmit money or property, in the form of customs duties, to the United States.

99. The Government incurred losses in the form of customs duties underpaid by Defendants because of their wrongful and fraudulent conduct.

100. By virtue of the false records or statements made by Defendants, the Government suffered damages and therefore is entitled to treble damages under the False Claims Act, to be determined at trial, and a civil penalty as required by law for each violation.

WHEREFORE, the Government respectfully requests that judgment be entered in its favor and against Defendants as follows:


1. For a sum equal to treble the Government's damages in an amount to be determined at trial and civil penalties to the maximum extent allowed by law; and
2. Granting the Government such further relief as the Court may deem proper.

Dated: New York, New York
September 3, 2019

Respectfully submitted,

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Southern District of New York
Attorney for the United States of America

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