

THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* NEW YORK

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Department of Justice

U.S. Attorney's Office

Southern District of New York

FOR IMMEDIATE RELEASE

Tuesday, October 3, 2017

**Acting Manhattan U.S. Attorney Announces Settlement Of Civil
Fraud Claims Against Garment Wholesaler In Scheme To Avoid
Paying Customs Duties**

Company Will Pay \$1 Million in Damages and Implement Compliance Measures

Joon H. Kim, the Acting United States Attorney for the Southern District of New York, Leon Hayward, Acting Director, Field Operations, New York, U.S. Customs and Border Protection ("CBP"), and Angel M. Melendez, the Special Agent-in-Charge of the New York Field Office of the U.S. Immigration and Customs Enforcement's Homeland Security Investigations ("HSI"), announced today that the United States has settled civil fraud claims brought under the False Claims Act against NOTATIONS, INC. ("NOTATIONS"), a garment wholesaler based in Warminster, Pennsylvania, with a showroom in Manhattan. As alleged in the Government's complaint, NOTATIONS repeatedly ignored warning signs that its business partner, which imported garments from China, was engaged in a scheme to underpay customs duties owed on the imported garments it sold to NOTATIONS. Pursuant to the settlement, NOTATIONS admits and accepts responsibility for failing to act in response to indications of fraudulent conduct, agrees to pay \$1 million in damages, and agrees to implement measures designed to prevent future fraud by NOTATIONS or its business partners. The stipulation of settlement was approved yesterday by United States District Judge Lewis A. Kaplan.

Acting U.S. Attorney Joon H. Kim said: "As this settlement makes evident, companies purchasing imported goods cannot turn a blind eye to fraud committed by their business partners. We will be vigilant in holding accountable all parties who engage in or contribute to fraudulent conduct."

CBP Acting Director Leon Hayward said: "As global supply chains grow more complex, it is important for American businesses to know their suppliers and be confident of their integrity.

The outcome of this case is a testament to the dedication of our partners in the United States Attorney's Office, Homeland Security Investigations, and the men and women of CBP in enforcing our nation's trade laws and holding accountable those perpetrating this type of fraud."

HSI Special Agent in Charge Angel M. Melendez said: “Evading the payment of customs duties to increase profit is not a victimless crime; it has a negative effect on the U.S. economy and law-abiding importers. HSI special agents will continue to work diligently with the officers of CBP to locate these offenders and put an end to their fraudulent business practices.”

The Government’s complaint-in-intervention, filed last year, alleges that YINGSHUN GARMENTS, INC. (“YINGHSUN”), an importer of women’s apparel manufactured in China, and IMPORT GLOBAL DESIGNS INC. (“IMPORT GLOBAL”) and OLGREM LLC (“OLGREM”), successor entities to YINGSHUN, and MARIE ROGERS, an owner and/or officer of each entity, engaged in a double-invoice scheme whereby YINGSHUN (and later IMPORT GLOBAL and OLGREM) presented false and fraudulent invoices to CBP, showing prices for imported garments that were discounted by 75 percent or more, for the purpose of avoiding customs duties on the garments. NOTATIONS, which was YINGSHUN’s biggest customer, aided the fraudulent scheme by ignoring warning signs that YINGSHUN’s irregular business practices were highly suggestive of fraud.

As part of the settlement, NOTATIONS agreed to pay \$1 million in damages. NOTATIONS also admits and accepts responsibility for its failure to take action in response to multiple warning signs that YINGSHUN, IMPORT GLOBAL, and OLGREM were undervaluing their imported goods and therefore paying less in import duties than they should have been paying. NOTATIONS also has agreed to implement a written compliance policy, which will include measures to educate its employees on identifying red flags for fraud in import transactions, to monitor the conduct of its business partners who act as importers of overseas goods, and to report all potentially fraudulent conduct to CBP.

This matter was initiated by a relator pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3729 *et seq.* The Government’s claims against YINGSHUN, IMPORT GLOBAL, OLGREM, and MARIE ROGERS remain pending.

* * *

Mr. Kim thanked CBP and HSI for their efforts and ongoing support and assistance with the case.

The case is being handled by the Office’s Civil Frauds Unit. Assistant U.S. Attorney Cristy Irvin Phillips is in charge of the case.

Attachment(s):

[Download Notations Consent Order entered 10-2-17.pdf](#)

Topic(s):

Financial Fraud

Component(s):

[USAO - New York, Southern](#)

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