

# Court Holds Corporate Officer Personally Liable for Entry Violations

[Laurence J. Lasoff](#)

September 18, 2014

This week the Court of Appeals for the Federal Circuit affirmed a Court of International Trade ruling in *U.S. v. Trek Leather, Inc. and Harish Shadapuri* and held that corporate officers can be personally liable for negligent misinformation on entry documentation. In this surprising decision the Court reversed an earlier CAFC decision and held that the company president was personally liable under U.S. Customs and Border Protection's penalty statute for sending commercial invoices, which undervalued the goods, to its customs broker. In particular, Trek Leather had neglected to include the value of fabric assists in the valuation of its garments upon entry.

Customs penalty statute, 19 U.S.C. 1592(a)(1)(A) prohibits any person by fraud or negligence from to enter, introduce or attempt to enter or introduce merchandise into the commerce of the U.S. by means of any document or electronically transmitted data or information. According to the Court, a "flexible understanding" of the "introduce" language of 1592 means that the statute covers people involved with the handling of entry documentation and not just the corporate importer of record. This was done without piercing the corporate veil.

The Court's reasoning can easily be extended to other corporate officers or import managers. The case suggests that a person acting on behalf of the corporate importer of record, could be individually liable as an "introducer" for negligent entry statements. Therefore, anyone involved with the import process is at risk and should take proactive measures to protect themselves. In addition, as result of this decision, a careful review of entry documentation and compliance procedures is warranted.