

Kelley Drye & Warren LLP Files \$1 Billion Lawsuit on Behalf of Domestic Producers Against Insurers and U.S. Government for Damages Caused by Dumped Chinese Food Products

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Today, domestic producers of fresh garlic, crawfish tail meat, canned mushrooms and honey, represented by the law firm of Kelley Drye & Warren LLP, filed a class action lawsuit against major insurance companies to recover close to \$1 billion in damages. The Washington, D.C. law firm of Adduci, Mastriani & Schaumberg, LLP is co-counsel with Kelley Drye for many domestic producers of crawfish tail meat. The complaint states that the insurers' negligent issuance of customs surety bonds, and subsequent refusal to pay under those bonds, allowed the sale of huge amounts of competing food imports from China at below-cost, or "dumped" prices. This caused severe financial damages to the domestic producers. The lawsuit, filed in the federal Court of International Trade, also claims that the U.S. Customs and Border Protection and the Commerce Department failed to enforce the four antidumping orders issued years ago to protect the domestic producers from dumped Chinese imports.

The surety defendants include the Hartford Companies, Lincoln General, Washington International, American Home Assurance, Great American Insurance Companies and International Fidelity.

The complaint states that for eight years, the insurers negligently issued hundreds of customs surety bonds that guaranteed the payment of any dumping duties the government might determine were owed by U.S. importers for the specified Chinese goods.

"Without these customs surety bonds, the importers could not have brought in and sold the Chinese goods in the U.S. market at steeply dumped prices. The dumping of these imports forced the domestic producers to significantly lower the prices for their competing products, causing the producers to lose hundreds of millions of dollars," said [Michael Coursey](#), a partner in Kelley Drye's international trade practice group.

Now, the importers have all defaulted on paying the hundreds of millions of dollars in dumping duties the government has billed for these imports. The insurers similarly have refused to pay the duties as required by their bonds, and Customs has failed to prosecute any collections lawsuits against the insurers. The government is legally obligated to distribute to the competing domestic producers any dumping duties ultimately paid by the importers or the insurers. Thus, the government's failure to collect these duties from either the importers or the insurers has resulted in huge losses for the

domestic producers.

This ground-breaking lawsuit holds insurance companies accountable for enabling unfair international trade practices with custom bonds, and for failing to honor the payments promised, when issuing those bonds.

Kelley Drye partner **Michael Coursey** (202) 342-8456 is available for interviews regarding the lawsuit.

Kelley Drye & Warren LLP is a multidisciplinary law firm with five offices in the United States and an office in Brussels. It is well known for representing clients in high profile international trade and customs and insurance recovery matters.