

# U.S. Timber Legality Enforcement Update

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- U.S. v. Harold Kupers, et al
- U.S. v. Lumber Liquidators
- Cross-Government(s) Cooperation
- Capacity Building and Coordination



# U.S. v. Harold Kupers, J&L Tonewoods, et al



- \$800,000 Figured maple
- Plead guilty to Lacey Act felony violation
- Sentencing scheduled March 1
- Government seeking 24 months;  
\$159,692 restitution





# U.S. v. Lumber Liquidators, Inc.

- NGO information
- Wood from Russia far east; Charismatic megafauna habitat
  - False declarations; false permits



# Outcome

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- One felony violation, four misdemeanor violations
  - First felony conviction under Lacey Act timber amendments
- Largest Lacey Act criminal penalty ever
  - \$7.8 million criminal fine
  - \$1.2 million community service payments
  - \$4.5 million in forfeiture
- Detailed factual statement
- Environmental Compliance Plan
  - Annual auditing and reporting to the court
- 5 years probation

## BUSINESS

Lumber Liquidators pleads guilty to environmental crimes, agrees to pay more than \$13M

Everett Rosenfeld | @Ev\_Rosenfeld  
Thursday, 22 Oct 2015 | 1:48 PM ET



# Environmental Compliance Plan

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- Court-enforced measures with implementation deadlines to ensure that LL knows what they import and who they import it from.
- LL compliance decision-making process will be centralized, risk-based, documented and audited.
- Risk assessment; initial purchase order review; in person audits of suppliers; individual PO review with language skills

A member of the Lacey team (or an internal employee trained in Lacey inspection protocols and reporting up to CCO, either on a full-time or project basis), third-party auditor with specialized industry expertise, or appropriate certification body, shall conduct onsite inspection visits no less than quarterly for medium and high risk suppliers, as well as low risk suppliers who are providing medium risk products. A record of the onsite visit will be maintained by a U.S.-based member of the Lacey team.

# ECP: Risk; Vendor Validation; Document Review

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- Keep in mind:

implement the rules set forth below. This document, therefore, represents only the minimum standards that will be met by the Company, as opposed to the specific procedures that the



# Cross Government Cooperation

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- US Dept. of Agriculture
- Customs
- US Fish and Wildlife Service
- FBI
- USFS – domestic and technical
- State Dept./USTR



# Capacity Building and Coordination

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- Peru
- Honduras
- Colombia
- Cameroon (Gabon, DRC, Republic of the Congo)
- Brazil
- EU
- Australia
- Indonesia
- Malaysia
- South Korea
- Japan
- Vietnam
- Interpol
- CITES
- Bilateral forums
- APEC Egilat

