



Letter from the President

*Roger Scarborough
Founder, CEO
Scarborough International, Ltd.*

Missouri Takes a Hit in 2011

Missouri really got the bad end of Mother Nature this year! It also appears some of our own people made it worse. First, the U.S. Army Corp. of Engineers blew a dike on the Mississippi River and flooded thousands of acres to avoid flooding some cities downstream. Then a devastating tornado destroyed Joplin, Missouri, which caused more damage and killed more people than almost any other natural disaster in Missouri history. That was 3 months ago and recovery continues slowly, but surely. Moreover, the Army Corp. of Engineers flooded the entire Missouri River valley from North Dakota to Kansas City, Missouri-- a distance of over 1000 km or 600 miles.

In the least publicized event, the Army Corp. began releasing water

at a rate of up to 150,000 cubic feet per second from the Gavins Point Dam in South Dakota back in June. Gavins Point is the last in a series of six dams that were built along the Missouri River primarily to prevent flooding. The rate of release was more than twice the previous record release. The resulting flood is still happening with the release of water still continuing at over 100,000 cubic feet per second. Thousands of families have lost everything. The water has been in their homes, garages, grain bins, barns, and machine sheds for over 60 days. Thousands of acres of crops have been destroyed along with the physical buildings. Much of the land will not be suitable for farming next year as a result from the length of time the water has eroded the land. The water has caused mold, rotted sheetrock, and ruined the wood even in homes where the water is just sitting on the outside of the home because it has been there for over 60 days. Because the railroad tracks are now under water, the railroad has decided to raise the



bridges and line as much as 6 feet in an attempt to prevent this from happening in the future.

That a flood could last over 60 days was unthinkable until now. Levees and other flood control infrastructure is not designed for sustained flooding, as most floods only last a couple of days or weeks at the most. This is an event unlike anything I have seen in my 59 years on this planet, living in the Midwest of the United States. I think only Noah has seen a flood last this long. We always have to question the role of man when a system designed to prevent a flood causes such a devastating flood. Unfortunately, for all the farmers and small towns along the valley, the damage is done and continues to get worse. Please keep your thoughts and prayers with these people and their way of life.

What do you think?

Please email:

kcmc@scarbrough-intl.com



U.S. Customs Update

*Tia Tenbrink
Compliance*

U.S. Customs and Border Protection announced on August 17, 2011 that paper courtesy notices of liquidation will be eliminated as of September 30, 2011, as a cost savings measure. Currently, the paper liquidation notices provide informal and advance notification that liquidation is about to occur. In addition, Customs also sends an electronic notification at

the time of liquidation directly to the Importer, if they are a self-filer, or to the Customs broker who filed the entry on the Importer's behalf. Customs will continue to send these electronic notifications.

For Importers who want to monitor the liquidation of their entries, Customs is encouraging Importers to sign up for ACE. ACE allows Importers to review information on every entry made. ACE includes a report that contains

the same information as listed on the paper courtesy notices of liquidation.

Scarborough International looks forward to assisting you in applying for an ACE account, if you are interested.

For questions, please email:

Adam Hill, CHB
ahill@scarbrough-intl.com
or call 816-891-2400

A History of Couriers: The Pony Express

*Robert Whitley
Imports, Chicago Branch*

Back in 1860 William H. Russell, Alexander Majors and William B. Waddell came up with an idea to start a courier express company via horseback. They wanted to bridge the "Great Divide" in communication between the Eastern U.S. to the state of California. To accomplish this enormous task they envisioned the enterprise as a fast mail run consisting of lightweight men and fast galloping horses carrying only a Bible and a mailbag entrusted to them. The express route started in Joplin, Missouri and traversed 1900 miles of the western frontier all the way to Sacramento, California and took around 10 days. This was the fastest way to deliver mail and messages before the telegraph.

The "Pony Express" had at its disposal 40 riders who each rode 50 miles to past the baton of mail from one way

Pictured below:
Bill Cody, also known as "Buffalo Bill"



station to another. 500 horses were rotated out so that there would always be a fresh steed that could race at top speed. The riders used the Oregon

Trail and California Trail to Fort Bridger, Wyoming and then from there used the Mormon Trail to Salt Lake City, Utah. The final journey went forth to Carson City, Nevada to the end terminal of Sacramento.

One of the most famous riders was Bill Cody, whom we all know as Buffalo Bill. Eventually the Pony Express had to close due to the high cost of mail delivery (\$5 for ½ ounce) and the new technology of the Telegraph between Omaha, Nebraska and Sacramento that allowed news to travel faster and cheaper. The idea however lives on today with personal courier services. For example, our teammates here and our partners overseas will travel by plane to deliver important documents, couriers will travel by truck, and even by bike. We have come a long way.

Comments or questions, please email:
rwhitley@scarbrough-intl.com

Peak Season Surcharges

Most carriers have announced their peak season surcharges (PSS) which became effective August 15, 2011. The surcharges are currently decreasing, but continue to change at a good pace. Please keep in contact with your customer service representative for updates. We will begin charging a US West Coast PSS for LCL freight at \$6 per CBM/MT. Updates will follow regarding any changes or expiration of Peak Season.

This rate applies to Shanghai, Ningbo, Taiwan, and Xiamen LCL Cargo.

If you have any questions in regards to PSS, please email pricing@scarbrough-intl.com

Press Release

Scarbrough Chicago Location is Moving!

We are excited to move into a bigger & improved space to better serve your needs.

We are moving right next to our current location, so an easy move!

We will be fully operational in our new office on August 29, 2011.

Please change your records for the Scarbrough Chicago Office. New postal address is:

1300 N. Michael Drive, Ste B
Wood Dale, IL 60191

Please continue to Remit all Payments to:

PO Box 20492

Kansas City, MO 64195

Scarbrough International Ltd. And Scarbrough Logistics, Ltd. Keep on moving.

Our move in Chicago continues us down the path to 3PL value added customized solutions. If you have a need for fulfillment, distribution, kitting, warehousing, or other services, we are your partner.

Our Warehouse Management System (WMS) allows us to manage and provide inventory visibility in any of our locations and all the way to your door or even your customers' doors. Our experience and flexibility allows us a unique opportunity to custom design a program based on your needs with customer service as a core component.

We can deliver to any part of the country or North America. Please give us a call at [816.891.2400](tel:816.891.2400) if you have any projects or needs for Supply Chain management or design.

Questions about these services, please email warehouse@scarbrough-intl.com

FDA Services as “Billable”

The Food and Drug Administration (FDA) is announcing the 2012 fee rates with failure to comply in the FD&C Act. Effective October 1, 2011.

FDA has determined that at least the following 4 specific situations will cause a fee to be assessed:

1. Reconditioning of Imported Food

Food is subject to refusal of admission into USA if 1.) it appears to be adulterated or misbranded, or 2.) if it is a dietary supplement subject to section 761 of the FD&C Act.

**Who is responsible for paying the fee?* The Importer or the entity that is responsible for reconditioning. If ownership changes, new owner is responsible if he executes a bond and

obtains a new authorization.

2. Importer Seeking Admission of an Article that has been Detained

FDA may place a region or country on an import alert if there appears to be an ongoing problem or condition in that region or country such that it causes the appearance of a violation for future shipments of imported articles originating there. If food from a region or country is subject to an import alert and is subsequently detained based on the overarching import alert, the owner or consignee may seek admission by providing evidence that the problem or conditions regarding the food it is importing have been resolved.

**Who is responsible for paying the fee?*

The owner or consignee of the food.

3. Entity Requesting Removal from an Import Alert for Detention Without Physical Examination

Once placed on import alert, food imported from a particular firm, region, or country may remain in this status until FDA has sufficient evidence or other information, such as information that removes the appearance of the violation that led to the initial placement on import alert.

**Who is responsible for paying the fee?*

The importer subject to examination

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4. Destruction of Food that Has been Refused Admission

If a product is refused admission under section 801(a) of the FD&C Act, it must be exported within 90 days of the document of refusal or it is subject to destruction by CBP (section 801(a) of the FD&C Act). In practice, when a product is destroyed, destruction is often conducted by the owner or consignee under the supervision of FDA or CBP.

**Who is responsible for paying the fee?*

The importer subject to examination

How much will this fee be?

"The fee is to cover all expenses incurred in connection with arranging, conducting, and evaluating the results of the one or more additional examinations." "If the fees are not paid within 30 days after it is due, it shall be treated as a claim of the United States Government subject to provisions of subchapter II of chapter 37 of title 31, United States Code."

Please click here for full version of Federal Register / Vol. 76, No. 147 / Monday, August 1, 2011 / Notices

As more information becomes available, we will keep you updated.

If you have any questions, please email Adam Hill at ahill@scarbrough-intl.com

Ask the Expert

This column is your opportunity to Ask an Expert! Send us your questions, comments and inquiries and we'll pose them to our legal experts. This forum is your opportunity to pose challenging questions on a wide variety of import- and export-related topics. Your company information is kept completely confidential.

Submit your inquiries and questions to awada@customs-law.com

Q

My company is considering becoming a member of ISA. I'm afraid my company doesn't have the resources to be an ISA member. Can you give me a bit more insight on what is involved?

A

The Importer Self-Assessment Program (ISA) is a great program in that it puts you, the company, in the driver's seat when it comes to Customs compliance. As a member of ISA, you audit your import transactions and you have enhanced prior disclosure benefits, which includes a 30-day grace period to file a prior disclosure if CBP finds the "issue" before the company does.

CBP requires importers to exercise "reasonable care". This means that

your company must demonstrate that it has the necessary controls in place to ensure compliance with Customs laws and regulations. To test whether your controls are working, it is necessary to audit your processes and procedures and to make those corrections, tweaks and adjustments, as needed. Assessing your levels of compliance is something CBP already requires. The question is whether you want to be in control of that process or CBP?

Participation in ISA does require commitment, effort and diligence, but it is not any more work than what any company should already be doing. ISA is a voluntary program and there are other options that companies can consider. But, there are real benefits to participation in ISA: "controlling" the audit, enhanced prior disclosure benefits and a 30-day grace period to file a prior disclosure. And these, we feel, can far outweigh not becoming an ISA member.

Disclaimer: This column is provided for general informational and educational purposes and although it may address legal topics, it is not offered as or constitute legal advice. If you would like further information on this or any other import- or export-related issue, visit Simon Gluck & Kane LLP at www.customs-law.com or email your inquiries to Adonica Wada at awada@customs-law.com.

You can also follow our blog at www.importtradelaw.com.

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