

United States of America
CUSTOMS SERVICE

Customs Broker Licensure Examination

DIRECTIONS TO THE COMPETITOR - READ CAREFULLY

This examination consists of 80 questions. A passing score is 75%. You are to choose the **ONE** correct answer to each question from among the five alternatives (**A, B, C, D, or E**) presented. Then, record your answer on the separate answer sheet by darkening the answer space that corresponds to the letter of the alternative you chose.

You are responsible for having the following recommended references:

- **Harmonized Tariff Schedule of the United States (2002)** (USITC Publication 3477)
(No supplements)
- **Title 19, Code of Federal Regulations** (19 CFR Parts 1 to 199) Revised as of April, 1
2001

The use of any editions or references other than those recommended is at your own risk.

You may use a silent battery-operated calculator.

There is no penalty for guessing. It is to your advantage to answer every question, even if you are not sure of the correct answer.

The examination lasts 4 hours. When you finish, give this booklet and your answer sheet to the test administrator.

DO NOT TURN THIS PAGE UNTIL TOLD TO DO SO BY THE EXAMINER.

- 1) Which **ONE** of the following is **NOT** part of the “customs territory of the United States?”
- A) Alaska.
 - B) Puerto Rico.
 - C) Guam.
 - D) The District of Columbia.
 - E) Maine.
- 2) Collins Construction, Inc. is building a bridge for a municipality. It imports steel support beams from Germany through Canada into the United States. The value of the support beams is \$100,000. The merchandise processing fee due and payable to Customs will be which **ONE** of the following?
- A) \$0.00
 - B) \$25
 - C) \$125
 - D) \$210
 - E) \$485
- 3) Nikole Johnson is a Canadian importer with a shipment of tires she would like to import into the United States. Nikole has learned that there will be \$350 in duties due Customs for her shipment. Which **ONE** of the following is an acceptable form of payment to Customs from Nikole?
- A) A check drawn on a Canadian Bank.
 - B) A U.S. travelers check with a face value of \$500.
 - C) A certified check drawn on a Canadian Bank.
 - D) A Canadian Government check endorsed by the payee to the U.S. Customs Service.
 - E) A bank draft drawn on a state bank of the United States.

- 4) Which **ONE** of the following is **NOT** legal evidence of liquidation?
- A) Release of the merchandise by the Postmaster under a free mail entry.
 - B) CF-4333-A Courtesy Notice of Liquidation.
 - C) Bulletin Notice of Liquidation posted or lodged in the Customhouse.
 - D) Release of the merchandise by Customs under a free informal entry.
 - E) Suitable printed statement appearing on the receipt issued for duties collected for an informal entry.
- 5) Merchandise transported overland under an immediate transportation entry shall be delivered to Customs at the port of destination no later than _____ days after the date of receipt by the forwarding carrier at the port of origin.

Which **ONE** of the following correctly fills in the blank found directly above?

- A) 2
 - B) 5
 - C) 10
 - D) 30
 - E) 180
- 6) Wade Smith is an importer of live exotic snakes which are in compliance with Fish & Wildlife Regulations. Upon an independent audit of books and records, the auditor discovers \$20,000 in assists that Wade paid to his suppliers but did not report to Customs. Wade tells his auditor that he knew he should have reported it but decided that Customs would never find out. Upon the auditor's advice, Wade reconsiders and files a prior disclosure with Customs covering the \$20,000 in assists. The prior disclosure satisfies all of the requirements under 19 CFR 162.74 and 19 U.S.C. 1592(c) (4). Customs determines that Wade Smith's culpability level is fraud and that there is no loss of revenue. Which **ONE** of the following correctly states the maximum penalty that Customs can levy against Wade Smith?
- A) Ten percent of the dutiable value of the merchandise.
 - B) The domestic value of the merchandise.
 - C) One times the loss of duties, taxes, and fees.
 - D) The interest due on the loss of revenue.
 - E) Forty percent of the dutiable value of the merchandise.

- 7) An ABI participant, who does not adhere to the performance standards and operational standards of the ABI system and maintain a high level of quality in the transmission of data, may be placed on probation for a maximum of _____.

Which **ONE** of the following correctly fills in the blank found directly above?

- A) 90 days from notification of the effective date of probation from the Director, User Support Services Division.
 - B) 30 days from notification of the effective date of probation from the Director, User Support Services Division.
 - C) 15 days from notification of the effective date of probation from the Director, User Support Services Division.
 - D) 10 days following the date of written notice from the Assistant Commissioner.
 - E) 90 days from notification of the effective date of probation from the Director, ABI Client Representatives.
- 8) A person who does not have a Customs broker license, but has been granted power of attorney by the appropriate party, may perform all but which **ONE** of the following activities?
- A) Act as an agent in connection with the entry and clearance of vessels.
 - B) Pay duties to Customs on behalf of various importers.
 - C) File an in-bond transportation entry with Customs.
 - D) Enter a single noncommercial shipment for a friend.
 - E) Prepare entry documents while working for a broker.

- 9) A man's woven shirt is properly marked with the country of origin on the front of a sewn in label located at the center of the neck. There is a black hangtag located on the right sleeve near the wrist area. One side of the hangtag lists, in red print, the name of the importer and their U.S. address: TSA, 111 NW 1st, Seattle, WA. The other side of the hangtag lists the size, material content and price. To comply with Customs country of origin marking requirements, which **ONE** of the following statements is correct?
- A) No additional marking is required since the sewn in label correctly states the country of origin.
 - B) An additional hangtag on the left sleeve is required which states the country of origin.
 - C) An additional country of origin marking is required. It must be located on the side of the hangtag near the price.
 - D) An additional country of origin marking is required. It must be located on the side of the hangtag, which lists the U.S. address. It must be legible, permanent, and in close proximity to the U.S. address. It also must be of a comparable size.
 - E) An additional hangtag in the center of the neck re-stating the country of origin would be sufficient.
- 10) Mr. Scott of Scott's Slinky Secrets is an importer of women's garments. He wants to begin importing camisoles of different materials. Mr. Scott makes an appointment with you, his broker, to discuss the Caribbean Basin Trade Partnership Act (CBTPA). He is proposing to have the garments cut in Guatemala, from fabric wholly formed in the United States from yarns wholly formed in the United States. The garments will also be assembled in Guatemala with thread formed in the United States. However, he wants to include some trimmings that are made in Taiwan. Assuming the value of the trimmings does not exceed 25% of the cost of the components of the assembled article, which **ONE** of the following trimming(s) would render the garment ineligible for preferential treatment under CBTPA?
- A) Labels.
 - B) Hooks and eyes.
 - C) Bow buds.
 - D) Elastic strips of one inch in width.
 - E) Decorative lace trim.

- 11) If the entry summary documentation is **NOT** timely filed, the port director shall _____. Which **ONE** of the following correctly completes the sentence?
- A) Make an immediate demand for liquidated damages in the entire amount of the bond in the case of a single entry bond.
 - B) Make an immediate demand for the redelivery of the released merchandise.
 - C) Immediately suspend the filer code.
 - D) Make an immediate demand for liquidated damages in the entire amount of the continuous bond.
 - E) Make an immediate demand for liquidated damages for an amount equal to the total value of the merchandise.

- 12) A protest relating to an administrative action involving exclusion of merchandise from entry or delivery which is not allowed or denied in whole or in part before the _____ day after the day on which the protest was filed shall be treated as having been denied on such _____ day for purposes of 28 U.S.C. 1581.

Which **ONE** of the following combinations correctly fills in the blanks, in the order provided, found directly above?

- A) 5th; 5th
 - B) 10th; 10th
 - C) 30th; 30th
 - D) 90th; 90th
 - E) 180th; 180th
- 13) Mr. Babrimer has merchandise in nonprivileged status containing no components in privileged foreign status in a Foreign Trade Zone (FTZ) in Tulsa, Oklahoma. He wants to withdraw the merchandise from the FTZ and move the merchandise to a Customs bonded warehouse in San Diego, California. Mr. Babrimer's Customs broker has advised him that the merchandise may neither be placed nor remain in a Customs bonded warehouse _____.

Which **ONE** of the following correctly fills in the blank found directly above?

- A) After 5 years from the date of the FTZ admission of the merchandise.
- B) Within 5 years from the date of the FTZ withdrawal of the merchandise.
- C) After 5 years from the date of the inbond movement of the merchandise.
- D) After 5 years from the date of entry of the merchandise.
- E) After 5 years from the date of importation of the merchandise.

- 14) In calculating the total cost under NAFTA, gains related to currency conversion that are related to the production of a good shall be _____ the total cost, and losses related to the currency conversion that are related to the production of the good shall be _____ the total cost.

Which **ONE** of the following choices correctly fills in the blanks, in the order provided, found directly above?

- A) Included in; deducted from
 - B) Deducted from; included in
 - C) Greater than; less than
 - D) Less than; greater than
 - E) Deducted from; deducted from
- 15) Darlene's Dress Designs, Inc. imports dresses from China. Anticipating that the quota might be filled at the opening of the quota period, she presents an entry of 200 dozen dresses for preliminary review on December 28, 2001 at 10:00 a.m. Eastern Standard Time. This is the day when the merchandise arrives within the Customs territory of the United States, and is within the time frame approved by the port director. The quota opens on 12 noon Eastern Standard Time on January 2, 2002 and is prorated by Customs Headquarters. On January 3 at 3:00 p.m. Eastern Standard Time, the importer is advised she will be permitted to import 165 dozen dresses and the entry summary, with estimated duties attached, is returned for adjustment. The importer returns the adjusted entry summary, with estimated duties attached, to Customs on January 4 at 9:00 a.m. Eastern Standard Time and takes delivery of the dresses on January 7 at Noon Eastern Standard Time. Which **ONE** of the following is the time of presentation for quota purposes?
- A) December 28, 10:00 a.m. Eastern Standard Time.
 - B) January 2, 12 noon Eastern Standard Time.
 - C) January 3, 3:00 p.m. Eastern Standard Time.
 - D) January 4, 9:00 a.m. Eastern Standard Time.
 - E) January 7, 12 noon Eastern Standard Time.
- 16) Which **ONE** of the following persons may assign the right to claim manufacturing drawback?
- A) The exporter or destroyer.
 - B) The manufacturer.
 - C) The producer.
 - D) The importer.
 - E) An intermediate party.

17) Spice of Life, Inc. is importing a mixture of dried spices that it will market as Super Spice. Super Spice consists of: 25% ground paprika; 20% crushed cumin seeds; 15% white pepper of the genus *Piper*; 20% turmeric, 10% allspice; 5% Cayenne; and 5% salt. Which **ONE** of the following is the correct classification for Super Spice?

- A) 0904.20.2000
- B) 0909.30.0000
- C) 0904.20.7600
- D) 0910.91.0000
- E) 0910.99.6000

18) Which **ONE** of the following is the correct classification for unfermented frozen grapefruit juice, containing vodka of an alcoholic strength of .4 percent volume determined at a temperature of 20 degrees centigrade, and of a brix value of 30?

- A) 2009.29.0020
- B) 2009.21.4020
- C) 2202.90.3600
- D) 2208.90.8000
- E) 2202.90.9090

19) Sweet Dreams Inc. imports reversible quilts. The outer shell of one side of the quilt is 50% cotton and 50% polyester. The other side of the outer shell is 80% silk and 20% linen. Both sides of the outer shell are embroidered. The internal filling of the quilt is 100% polyester. Which **ONE** of the following is the correct classification for the reversible quilts?

- A) 9404.90.8020
- B) 9404.90.8505
- C) 9404.90.8522
- D) 9404.90.8523
- E) 9404.90.8536

20) Which **ONE** of the following choices is correctly classified under two different HTS subheadings?

- A) A drawing, executed entirely by hand, imported in an ordinary wooden frame.
- B) A school satchel imported with a book.
- C) A trumpet, imported in a specially shaped and fitted leather musical instrument case of a kind normally sold therewith.
- D) Numismatic (collector's) coins imported in a carry case that is specially shaped and fitted to display the coins, and of a kind normally sold therewith.
- E) A set of metric wrenches imported in a specially shaped and fitted metal case.

21) Squid Master, Inc. imports fishing equipment for assembly and wholesale distribution. Their current shipment consists of enough parts for simple assembly of 1000 reels. No single part is valued over \$2.00, but the entire assembled reel is valued at \$49.00. Which **ONE** of the following is the correct classification for Squid Master, Inc.'s current shipment?

- A) 9507.30.2000
- B) 9507.30.4000
- C) 9507.30.6000
- D) 9507.30.8000
- E) 9507.90.8000

22) A woman's woven dress, which has a fiber content of 65% viscose rayon and 35% wool, and has fewer than two colors in the warp and/or filling is correctly classified under _____.

Which **ONE** of the following choices correctly fills in the blank found directly above?

- A) 6104.43.1010
- B) 6204.43.4010
- C) 6204.43.4030
- D) 6204.44.4010
- E) 6104.43.2010

- 23) Which **ONE** of the following articles is **NOT** defined as a “part of general use” in the HTS?
- A) Plaited bands of iron.
 - B) Rivets of copper.
 - C) Safety Pins of steel.
 - D) Thumbtacks of aluminum.
 - E) Drawing Pins of nickel.
- 24) Designer Fabric Inc. imports rolls of woven printcloth fabric from Italy. The fabric is made of yarns of different colors, weighs 158g/m^2 and has an average yarn number of 45. The fiber content by weight is 42% cotton, 30% viscose rayon filament, 16% wool and 12% polyester filament. Which **ONE** of the following is the correct classification for the printcloth fabric?
- A) 5408.33.9040
 - B) 5408.34.9040
 - C) 5210.51.6060
 - D) 5210.59.6090
 - E) 5212.14.6090
- 25) Fred Hazlebrook is importing a shipment of chilled, shelled green peas. His shipment will arrive on October 5th. Which **ONE** of the following is the correct classification for the chilled, shelled green peas?
- A) 0708.10.2000
 - B) 0708.10.4000
 - C) 0710.21.4000
 - D) 0711.90.2000
 - E) 0713.10.4020

26) Which **ONE** of the following is the correct classification for flat thread, manufactured wholly of noncellular vulcanized rubber (other than hard rubber), measuring 1 millimeter in thickness, 6 millimeters in width and 50 meters in length, rectangular, and not otherwise cut or further worked?

- A) 4007.00.0000
- B) 4008.11.5000
- C) 4008.19.8000
- D) 4008.21.0000
- E) 4008.29.4000

27) A tariff classification controlled by the actual use to which the imported goods are put in the United States is satisfied only if such use is intended at the time of importation, the goods are so used, and proof thereof **must** be furnished _____ after the date the goods are entered.

Which **ONE** of the following correctly fills in the blank found directly above?

- A) Within 1 year.
- B) Within 3 years.
- C) Within 5 years.
- D) Within 6 months.
- E) Prior to liquidation.

28) Which **ONE** of the following is the correct classification and duty rate for balata golf balls, wholly manufactured in Laos and imported directly into the U.S.?

- A) 9506.69.6020/4.9%
- B) 9506.69.6020/Free
- C) 9506.39.0080/Free
- D) 9506.32.0000/Free
- E) 9506.32.0000/30%

- 29) For the purposes of HTS heading 6802, the term “slabs” embraces certain flat stone pieces. Which **ONE** of the following **CANNOT** be considered to be a “slab?”
- A) Pieces over 5.1 cm in thickness.
 - B) Pieces having a facial area of 25.8 cm squared.
 - C) Pieces having a facial area of more than 25.8 cm squared.
 - D) Pieces of 5.1 cm in thickness.
 - E) Pieces under 5.1 cm in thickness.
- 30) Which **ONE** of the following is the correct classification for an optical telescope for use without infrared light, not designed for fitting to a firearm, which is principally used by target shooters in order to view distant targets?
- A) 9013.10.1000
 - B) 9013.10.4000
 - C) 9005.10.0080
 - D) 9005.80.4020
 - E) 9005.80.4040
- 31) Gloves, without fourchettes, are made from 100% cotton jersey knit fabric. The gloves are cut and sewn from preexisting machine knit fabric that is coated with rubber. The rubber represents 50% by weight of the gloves. Which **ONE** of the following is the correct classification for the gloves?
- A) 6116.92.6420
 - B) 6116.10.5510
 - C) 6116.10.4810
 - D) 6116.10.1720
 - E) 6116.10.1300
- 32) Elizabeth wants to import soy sauce to sell to restaurant owners. Which **ONE** of the following is the correct classification for the soy sauce?
- A) 2106.90.9998
 - B) 2103.90.2000
 - C) 2103.10.0000
 - D) 2009.90.2000
 - E) 2009.90.4000

- 33)** Shoot 'Em Up is an importer of shotguns. The autoloading shotguns are made in Germany. The specially fitted leather cases for the shotguns are of a kind normally sold therewith. The cases are made in Italy and can be specially ordered to include the ultimate purchaser's initials on the case. The guns and cases are packed together for retail sale in Germany. Which **ONE** of the following correctly classifies this merchandise?
- A) 9303.20.0020
 - B) 9303.20.0080
 - C) 9303.20.0020 for the guns and 4202.91.0030 for the cases
 - D) 9303.20.0080 for the guns and 4202.91.0030 for the cases
 - E) 9303.20.0020 for the guns and 4202.91.0090 for the cases
- 34)** Michael's Dishwashing Machines sells household dishwashers and must have spare parts on hand for its demanding customers. Michael's Dishwashing Machines needs to import 1,000 rubber gaskets for spare parts for dishwasher model #233. The rubber gaskets are vulcanized, cellular, and are of a kind other than hard rubber. Which **ONE** of the following is the correct classification for the rubber gaskets?
- A) 8422.90.0640
 - B) 8422.90.9095
 - C) 3920.99.5000
 - D) 4016.93.5050
 - E) 4016.10.0000
- 35)** You are the importer of leather guitar strings, which you sell wholesale to retailers in many locations in the United States. Which **ONE** of the following is the correct classification of the guitar strings used only with guitars?
- A) 9209.92.8000
 - B) 9209.99.8000
 - C) 9209.30.0000
 - D) 4204.00.6000
 - E) 4205.00.8000

- 36) Girl's cotton woven blue denim pants are imported along with a plain plastic belt. The two items are packaged together for retail sale and shipped to the United States. Which **ONE** of the following choices should be used to correctly classify the merchandise?
- A) 6204.22.3040
 - B) 6204.62.4010
 - C) 6204.62.4040
 - D) 6204.62.4050
 - E) 6204.62.4040 for the pants and 4203.30.0000 for the belt
- 37) Easy Roll, Inc. imported and paid duty on needle roller bearings from Japan on January 6, 1998. On February 18, 1998, Easy Roll, Inc. sold and exported the needle roller bearings to Anti-Friction Unlimited in Canada. On February 23, 1998, Easy Roll, Inc. filed a drawback claim on the original entry that brought the needle roller bearings from Japan. On October 30, 1999, Anti-Friction Unlimited returned the shipment of needle roller bearings to Easy Roll, Inc. because they did not meet the necessary specifications. Anti-Friction Unlimited returned the bearings without advancing them in value. Easy Roll, Inc. will be the importer of record for shipment of returned needle roller bearings. Which **ONE** of the following is the correct classification(s) for the return of the needle roller bearings?
- A) 9801.00.1045/8482.40.0000
 - B) 9801.00.2500/8482.40.0000
 - C) 9801.00.2600/8482.40.0000
 - D) 8482.40.0000
 - E) 9801.00.1097/8482.40.0000
- 38) On April 1, cotton woven fabric of Italian origin is sent to Taiwan. In Taiwan the fabric is cut and on May 1, the parts are sent to Hong Kong where the parts are assembled into women's pants. On June 1, the pants are exported to China where they are washed and packed for retail sale. The pants are shipped by air directly to New York on June 5. Which **ONE** of the following choices expresses the correct designation for the country of origin and the country of exportation, respectively?
- A) IT, CN
 - B) HK, CN
 - C) TW, HK
 - D) CN, CN
 - E) TW, HK

39) Which **ONE** of the following is **NOT** considered an operation incidental to assembly?

- A) Painting to enhance the appearance of an article.
- B) Removal of paint.
- C) Cutting wire to length.
- D) Cleaning.
- E) Trimming small amounts of excess material.

40) To qualify for rejected merchandise drawback, among other requirements, the claimant must return the merchandise to Customs custody within _____ after the date the merchandise was originally released from Customs custody.

Which **ONE** of the following correctly fills in the blank found directly above?

- A) 90 days.
- B) One year.
- C) Two years.
- D) Three years.
- E) Five years.

41) Artwork for the Masses, your client, is an importer of decorative outdoor statuettes. Customs has notified it that delivery of the shipment of statuettes has been withheld and may be subject to seizure and forfeiture because Customs has determined that the merchandise may be an infringing copy of a recorded copyrighted work. On behalf of your client, you timely file with Customs a written statement denying that the imported merchandise is infringing. Your client is concerned about what information Customs will disclose to the copyright owner in the course of determining whether or not the goods are infringing copies. Which **ONE** of the following pieces of information will Customs **NOT** disclose to the copyright owner within 30 days of the receipt of the importer's denial?

- A) Importation date.
- B) Port of entry.
- C) Manufacturer's name and address.
- D) Country of origin of the merchandise.
- E) Quantity of the goods involved.

- 42) Which **ONE** of the following scenarios would **NOT** qualify as originating under the NAFTA Rules of Origin?
- A) Cotton yarn (classified in 5205) made in Mexico with a fiber content by weight of 92% cotton fibers (produced in the United States), 4% polyester filament fibers (extruded in Taiwan) and 4% nylon staple fibers (spun in Korea).
 - B) Silk fabric (classified in 5007) woven in Mexico from silk yarn spun in China.
 - C) Silk yarn (classified in 5004-5006) spun in Canada from raw silk produced in China.
 - D) A cotton woven blouse (classified in 6206) which is cut and sewn in Mexico from cotton yarn made in Canada.
 - E) Yarn of acrylic staple fibers (classified in 5509-5510) with a fiber content by weight of 52% acrylic staple fibers (spun in the United States), 41% acrylic staple fibers (spun in Mexico) and 7% polyester filament fibers (extruded in Korea).

- 43) All entries covering imported merchandise shall be liquidated **EXCEPT** _____.

Which **ONE** of the following items correctly fills in the blank found directly above?

- A) Warehouse entries.
 - B) Temporary Importation Bond entries.
 - C) Drawback entries.
 - D) Foreign Trade Zone entries.
 - E) Consumption entries.
- 44) The existence of which **ONE** of the following circumstances would preclude the use of transaction value as the basis for appraisement?
- A) The U.S. buyer is a subsidiary of the foreign seller.
 - B) The foreign seller imposes a restriction on the U.S. buyer such that the U.S. buyer can only resell the merchandise within California.
 - C) The price to be paid for imported merchandise is dependent upon the U.S. buyer purchasing a specified quantity of other merchandise from the foreign seller.
 - D) The foreign seller would receive 5 percent of the U.S. buyer's proceeds following resale of the merchandise.
 - E) The U.S. buyer provides a foreign seller machinery valued at \$750,000 to be used exclusively in the production of merchandise to be sold to the U.S. buyer.

- 45) Under deductive value, which **ONE** of the following is **NOT** an allowable deduction from the price?
- A) The addition usually made for profit and general expenses in connection with sales in the U.S. of imported merchandise that is the same class or kind.
 - B) The actual and associated costs for international transportation and insurance from the country of exportation to the U.S.
 - C) The usual and associated costs of transportation and insurance incurred with respect to shipments of the merchandise concerned from the place of importation to the place of delivery in the U.S., if those costs are not included as a general expense.
 - D) The Customs duties and other Federal taxes currently payable on the shipment by reason of its importation.
 - E) Packing costs incurred by the buyer with respect to the imported shipment.
- 46) Which **ONE** of the following is **NOT** a true statement about general expenses and profit under computed value?
- A) General expenses and profit are taken as a whole.
 - B) In spite of high general expenses that are consistent in the industry, if there is no profit included, then the producer's amount for general expenses and profit included in the merchandise imported may not be used.
 - C) If the profit and general expenses are not consistent with that of the producers in the country of exportation for sales of merchandise of the same class or kind, then the amount will be based on the usual profit and general expenses of such producers in those sales as determined from 'sufficient information.'
 - D) If the general expenses and profit used are not those of the actual importer, then they must be based on sufficient information.
 - E) Assists may be included under general expenses, if that is the producer's method of accounting.

- 47) Bathroom Beautifiers, Inc., imports bathroom cabinets and fixtures manufactured in France by its French subsidiary, ATX. Bathroom Beautifiers, Inc. has received a shipment of special order cabinets and fixtures. According to the cost information provided by Bathroom Beautifiers, Inc., the cost of materials, fabrication and processing is \$20,000, general expenses total \$1,500, profit is \$6,000, and packing costs are \$2,000. Bathroom Beautifiers, Inc., has given ATX U.S. safety approved hinges, valued at \$750, to attach to the cabinets. Bathroom Beautifiers, Inc., will incur \$11,000 in installation expenses. Which **ONE** of the following reflects the correct computed value of the shipment?
- A) \$30,250
 - B) \$41,250
 - C) \$29,500
 - D) \$20,000
 - E) \$28,750
- 48) Kristal's Collectibles, Inc. of Los Angeles, CA is an importer of crystal glassware. The company enters into a contract with a new glassware manufacturer located in Ireland to have some specialty items produced. The Irish company is more than willing to comply, but Kristal's Collectibles will have to provide the designs and the molds. Since one of Kristal's local employees is an artist, she is tasked with creating the designs. The cost of her labor is \$500. Mostly Molds, a company in Germany, is hired to make the molds, which they send directly to Ireland. Mostly Molds charges Kristal's Collectibles \$5,000 for the molds. This amount includes a transportation expense of \$300. The molds are expected to have a lifespan of 10,000 items. However, Kristal's Collectibles only wants to order 1000 items. All of these will be purchased in the first shipment and the molds will be destroyed. Kristal's Collectibles agrees to pay the manufacturer \$15,000 for the specialty items. However, two days later, Kristal's Collectibles requests special packing from the manufacturer for these items. The cost of the special packing is \$200. When the shipment is entered, which **ONE** of the following is the correct appraised value of the merchandise?
- A) \$15,000
 - B) \$15,500
 - C) \$20,200
 - D) \$20,500
 - E) \$21,000

49) WonderYears, Inc., a toy importer, purchases a shipment of Squish toys from an unrelated toy manufacturer, the Kyoto Toy Company of Japan. WonderYears, Inc. has exclusive distribution rights in return for an annual payment of \$15,000, which was not required as a condition of sale. Kyoto Toy Company would have charged a higher price for the shipment, but because WonderYears, Inc. owed Kyoto Toy Company \$5,000, it offset the debt and asked for a \$60,000 cash payment. Which **ONE** of the following is the correct appraised value of the shipment?

- A) \$60,000
- B) \$15,000
- C) \$80,000
- D) \$65,000
- E) \$45,000

50) A U.S. buyer purchases merchandise from an unrelated seller in Japan for \$35,000. On a separate invoice for the respective merchandise, the U.S. buyer also pays to the unrelated seller, a 5 percent selling commission, plus international freight charges of \$2,500 and a \$1,150 packing charge. In addition, the buyer pays an unrelated third party a license fee of \$5,000 that is not a condition of the sale. Which **ONE** of the following is the correct appraised value of the merchandise?

- A) \$36,150
- B) \$43,650
- C) \$37,900
- D) \$35,000
- E) \$40,000

51) Which **ONE** of the following **CANNOT** be accepted by the Port Director as a cash deposit in lieu of surety on a bond required or authorized by law or regulation?

- A) U. S. money.
- B) U. S. savings bonds.
- C) U. S. certificates of indebtedness.
- D) Treasury notes.
- E) Treasury bills.

- 52) Which **ONE** of the following costs is **NOT** included in the direct costs of processing operations performed in a beneficiary developing country to determine Generalized System of Preferences (GSP) eligibility?
- A) Depreciation of machinery.
 - B) Profit.
 - C) Actual labor costs involved in the growth, production, manufacture, or assembly of the good.
 - D) Costs of inspecting and testing.
 - E) Research, development and design in so far as they are allocable to the specific merchandise.
- 53) Albrect & Vechy, Inc., a publicly traded corporation, has a corporate brokerage license. It must immediately provide written notice of all but which **ONE** of the following changes to Customs?
- A) The date on which the licensed officer ceases to be the qualifying officer and the name of the broker who will succeed as the qualifying officer.
 - B) Any change in the Articles of Incorporation relating to the transaction of customs business.
 - C) Entry into bankruptcy protection.
 - D) Merger with another corporation.
 - E) Change in ownership of the corporation.
- 54) A petition for mitigation of a claim for liquidated damages of a fine or penalty secured by a Customs bond incurred under any law or regulation administered by Customs requires all but which **ONE** of the following?
- A) The date of the violation.
 - B) The petitioner's signature.
 - C) Certification that the petition contains no false statements.
 - D) The facts and circumstances relied upon by the petitioner to justify mitigation.
 - E) The place of the violation.

- 55) If the port director fails to allow or deny a protest which is the subject of a request for accelerated disposition _____, the protest shall be deemed to have been denied _____.

Which **ONE** of the following correctly fills in the blanks, in the order provided, found directly above?

- A) After 90 days from the filing of the protest; at the close of the 90th day following the date of the registered receipt of the protest.
 - B) Within 90 days from the filing of the protest; at the close of the 30th day following the date of the certified mailing of the request for accelerated disposition.
 - C) Within 30 days from the date of the certified or registered mailing of the request for accelerated disposition; at the close of the 30th day following the date of the certified or registered mailing of the request for accelerated disposition.
 - D) Within 30 days from the end of the protest period; after 30 days from the end of the protest period.
 - E) Within 30 days from the date of registered receipt of the request for accelerated disposition; at the close of the 30th day following the date of receipt of the request for accelerated disposition.
- 56) Wacky Campers Inc. imports tents that are correctly classified under HTS subheading 6205.20.2046. The polyester fabric used for the tent roof is made in Taiwan. The polyester fabric used for the walls and the floor is made in Macau. The material is cut and assembled into tents in Hong Kong. After the tents are assembled, they are shipped to China where they are packed into a carrying bag along with the tent poles. The carrying bag is made in China and the tent poles are made in Germany. Which **ONE** of the following is the correct country of origin for the tents?
- A) Hong Kong.
 - B) Macau.
 - C) Taiwan.
 - D) China.
 - E) Germany.

57) Younkin's Hikers wants to begin importing backpacks made from nylon and polyester woven material. The nylon fabric is from Taiwan and the polyester fabric is from Macau. The backpacks will also include a mesh netting which is made in Thailand. All of the materials will be exported to China where they will be cut into components. The components will be shipped to Hong Kong where they will be assembled into backpacks and packed and shipped to the United States. Which **ONE** of the following is the correct country of origin for the backpacks?

- A) China.
- B) Hong Kong.
- C) Taiwan.
- D) Macau.
- E) Thailand.

58) Which **ONE** of the following kinds of entries or withdrawals **CANNOT** be made for merchandise to be transported in bond?

- A) Entry for exportation.
- B) Entry for immediate transportation without appraisement.
- C) Entry for transportation and exportation.
- D) Warehouse withdrawal for consumption.
- E) Warehouse or rewarehouse withdrawal for transportation.

59) All BUT _____ must exercise responsible supervision and control over the transaction of customs business.

Which **ONE** of the following items correctly fills in the blank found directly above?

- A) Every individual broker operating as a sole proprietor.
- B) Every licensed member of a partnership that is a broker.
- C) Every licensed officer of an association that is a broker.
- D) Every licensed officer of a corporation that is a broker.
- E) Every licensed employee of an importer.

- 60) River Outfitters, Inc., imports a shipment of knives from South Korea, which it plans to sell to fly fishermen. The knives arrive in Vancouver and are entered and released in Sweetgrass, Montana. Customs then determines that the knives are switchblades, which are prohibited from entry. The Port Director in Sweetgrass issues a notice to redeliver the knives. River Outfitters, Inc., promptly complies with this request. River Outfitters, Inc., will **NOT** have to file an entry summary and deposit estimated duties, if it does which **ONE** of the following?
- A) Files a warehouse entry within 10 working days after the time of entry.
 - B) Has the knives admitted into a foreign trade zone in zone restricted status.
 - C) Files an entry for exportation within 10 days after the time of entry, and then promptly exports the knives.
 - D) Pays liquidated damages assessed for unlawful entry of prohibited merchandise.
 - E) Substitutes a temporary importation under bond entry for the entry for consumption.
- 61) The proprietor of a Customs bonded warehouse must take a physical inventory of all merchandise in the warehouse, or periodic cycle counts of selected categories of merchandise, such that each category of merchandise is counted at least _____ during the year.

Which **ONE** of the following correctly fills in the blank found directly above?

- A) Once.
- B) Twice.
- C) Three times.
- D) Six times.
- E) Twelve times.

- 62) Princess Apparel imported a container of wearing apparel from Hong Kong on May 1. U.S. Customs examined the shipment on May 3, and detained the shipment on May 6. A Request for Information (CF-28) was sent on May 7, requesting additional documentation, including production records, to verify the country of origin. Upon the failure of the manufacturer to provide sufficient documentation, Customs issued a written notice of exclusion to Princess Apparel for the container of wearing apparel. Princess Apparel wants to protest the exclusion under 19 U.S.C. 1514. Princess Apparel must file the protest within which **ONE** of the following time periods?
- A) 90 days after receiving the written notice of exclusion.
 - B) 90 days after the date of entry.
 - C) 90 days after the date of liquidation.
 - D) 90 days after receiving the date of the notice of detention.
 - E) 90 days after the date of the written notice of exclusion.
- 63) Ace Customs Brokers (Ace) and King Customs Brokers (King) lease offices on the same floor in the same office building. King's license was recently suspended by operation of law for nonfiling of its status report. Yet, King has a client that needs release of its merchandise as soon as possible. Which **ONE** of the following statements is correct with respect to the aforementioned circumstances?
- A) King can complete all of the entry documents, without using his entry number, for the client to sign and submit to Customs.
 - B) King may refer the client to Ace.
 - C) King can file the entry using one of Ace's entry numbers.
 - D) King can obtain special permission from the port director to file the entry.
 - E) King may advise his client that it will have to use Ace to obtain release of its merchandise.
- 64) Which **ONE** of the following types of merchandise **CANNOT** be entered under informal entry?
- A) A product of the United States with an aggregate value of the shipment of \$9,500 previously exported with the intent to reimport after temporary use abroad.
 - B) Household effects used abroad, not imported in pursuance of a purchase or agreement for purchase, and not intended for sale, entered under subheading 9802.00.40, and the value of repairs and alterations thereto is \$1500.
 - C) Personal effects of \$1,000 in value of a U.S. citizen who has died abroad.
 - D) A bona-fide gift of \$150 sent from a person in Guam.
 - E) Personal effects not imported in pursuance of a purchase or agreement for purchase and not intended for sale.

65) An importer who fails to comply with a lawful demand for entry records can avoid penalties being assessed upon demonstration of certain factors. Which **ONE** of the factors listed below would subject the importer to penalties?

- A) The loss of the demanded record was the result of an act of God or other natural casualty or disaster beyond the fault of such person or an agent of the person.
- B) Evidence satisfactory to Customs exists that the demand was substantially complied with.
- C) The record demanded was presented to and retained by Customs at the time of entry or submitted in response to an earlier demand.
- D) The person has been certified as a participant in the Recordkeeping Compliance Program and is generally in compliance with the appropriate procedures and requirements of that program, and the violation in question is the first violation and was non-willful.
- E) The importer's broker retains the requested records.

66) To satisfy Customs country of origin marking requirements, a knife made in Germany shall be marked using which **ONE** of the following methods?

- A) A cardboard hangtag.
- B) A paper sticker.
- C) Any reasonable method which is legible, conspicuous and permanent.
- D) A pressure sensitive label.
- E) Acid etching.

67) Shipments covered by multiple warehouse entries and shipped from a single warehouse under separate withdrawals for transportation, via a single conveyance,
_____.

Which **ONE** of the following correctly fills in the blank found directly above?

- A) Require a new warehouse entry for each withdrawal upon arrival at the port of destination.
- B) May be combined into one rewarehouse entry if consigned to the same consignee and deposited into warehouses controlled by the same proprietor.
- C) Must be combined into one withdrawal for transportation with one rewarehouse entry filed at the port of destination in a single warehouse.
- D) May be combined into one rewarehouse entry if consigned to the same consignee and deposited into a single warehouse.
- E) Must be combined into one rewarehouse entry if consigned to the same consignee and deposited into a single warehouse.

- 68) Correction pursuant to section 520(c)(1), Tariff Act of 1930, as amended, may be made in any entry, liquidation, or other Customs transaction, if the clerical error, mistake of fact, or other inadvertence _____.

Which **ONE** of the following choices correctly fills in the blank found directly above?

- A) Is not manifest from the record or not established by documentary evidence.
- B) Is not adverse to the importer.
- C) Does not amount to an error in the construction of a law.
- D) Is brought to the attention of the port of entry within 2 years after the date of liquidation or exaction.
- E) Amounts to an error in the construction of a law.

- 69) Bill Crook has been habitually delinquent in the payment of Customs bills for entry summaries filed in the Port of Corpus Christi. As a result, Mr. Crook has been notified by the port director that he has been placed on sanction and is required to file entry/entry summaries with estimated duties/taxes/fees prior to release. He has a shipment arriving at the Port of Freeport and asks his broker for advice on how he can obtain release without having to first pay estimated duties/taxes/fees.

Which **ONE** of the following is a true statement with respect to the circumstances described directly above?

- A) Although the bill has been overdue for thirty days, Mr. Crook will not have to file an entry/entry summary with estimated duties/taxes/fees for his shipment arriving in Freeport.
- B) If Mr. Crook pays the bill within 10 working days after the date of the notice from the port director, the sanction may be removed, and Mr. Crook will only have to file entry documentation to secure release of his merchandise.
- C) Although Mr. Crook did not pay the bill within 10 working days after the date of the notice from the port director, by paying the bill on the 20th working day, the port director will remove the sanction and Mr. Crook will only have to file entry documentation to secure release of his merchandise.
- D) Mr. Crook's broker had advised him that an authorized broker may file the entry documentation in the broker's name and under the broker's bond; therefore, Mr. Crook would not have to file an entry/entry summary with estimated duties/taxes/fees prior to release of his merchandise.
- E) If Mr. Crook pays the bill within 10 days from the date of the issuance of the 2nd bill, the sanction will be removed, and Mr. Crook will only have to file entry documentation to secure release of his merchandise.

- 70) At least once a year, a broker is required to notify each active client of which **ONE** of the following?
- A) The fact that brokers may not limit their liability to their clients.
 - B) The names of new officers and/or employees of the broker.
 - C) The number of 19 U.S.C. 1641 penalty actions pending against the broker.
 - D) Any change in the ownership of the broker.
 - E) The fact that payment to a broker will not relieve a client who is the importer of record from liability for Customs charges in the event of nonpayment by the broker, and that the client may wish to issue a separate check made payable to U.S. Customs for Customs-related charges.
- 71) Powers of attorney issued by which **ONE** of the following, are limited to a period not to exceed 2 years from the date of execution?
- A) Partnership.
 - B) Corporation.
 - C) Corporate Surety.
 - D) Nonresident Principal.
 - E) Customhouse Broker.
- 72) For purposes of a warehouse entry, when packages which are not uniform in contents, quantities, values, or rates of duties, are grouped together as one item on an entry summary, which **ONE** of the following items does **NOT** have to be included in the specifications list furnished with the entry summary?
- A) The quantity of each class of merchandise.
 - B) The country of origin for each class of merchandise.
 - C) The entered value of each class of merchandise.
 - D) The rate of duty for each class of merchandise.
 - E) The marks or numbers of each package.

- 73) Which **ONE** of the following is **NOT** eligible for duty free or reduced duty treatment on goods returned to the U.S. after repair or alteration in Mexico provided for in subheadings 9802.00.40 and 9802.00.50?
- A) Restoration of 19th century French oak chairs.
 - B) Cleaning of German alternators.
 - C) Assembly of television sets from U.S. made components.
 - D) Re-dyeing of Indian jeans.
 - E) Sterilization of Italian soda bottles.
- 74) Which **ONE** of the following types of merchandise is required to be entered upon importation into the United States?
- A) Corpses, together with their coffins and accompanying flowers.
 - B) A pallet qualifying as an instrument of international traffic.
 - C) An undeliverable article returned after 15 days which never left the custody of the carrier.
 - D) Telecommunications transmissions.
 - E) A yacht classified in heading 8903, HTSUS.
- 75) Which one of the following is **NOT** a description of a “class” of Customs warehouses?
- A) Warehouses bonded for smelting and refining imported metal bearing materials for exportation or domestic consumption.
 - B) Bonded bins or parts of buildings or of elevators to be used for the storage of grain. The bonded portions shall be effectively separated from the rest of the building.
 - C) Bonded warehouses established for the purpose of cleaning, sorting, repacking, or otherwise changing in condition, but not manufacturing, imported merchandise, under Customs supervision and at the expense of the proprietor.
 - D) Warehouses owned or leased by a foreign Government and used for the processing and packaging of merchandise.
 - E) Public bonded warehouses used exclusively for the storage of imported merchandise.

- 76) A shipment of precision tools is imported in early February. No entry is filed and the tools are placed in general order. In July, just after the expiration of the general order period, the tools are transported in bond under an immediate transportation entry to another port. Which **ONE** of the following entry types **MUST** be filed at the destination port?
- A) Entry for consumption.
 - B) Entry for rewarehouse.
 - C) Entry for exportation.
 - D) Entry for immediate transportation without appraisement.
 - E) Entry for warehouse.
- 77) All but which **ONE** of the following are basic importation and entry bond conditions?
- A) Agreement to make or complete entry.
 - B) Agreement to pay duties, taxes and charges.
 - C) Agreement to comply with Customs Regulations applicable to Customs security areas at airports.
 - D) Agreement to pay penalties.
 - E) Agreement to reimburse and exonerate the United States.
- 78) A certain quota class category from China has closed for the calendar year. However, the visa information had already been transmitted electronically to Customs before the quota category closed and the merchandise has arrived at the port of entry. Which statement listed below is **NOT** an option for the importer?
- A) Enter the merchandise into a bonded warehouse.
 - B) Enter the merchandise into a foreign trade zone.
 - C) Return the merchandise to China.
 - D) Destroy the merchandise.
 - E) Receive quota priority status.
- 79) Which **ONE** of the following is an international Customs document that serves simultaneously as a Customs entry document and as a Customs bond?
- A) Government Entry.
 - B) Carnet.
 - C) TIB.
 - D) Warehouse Entry.
 - E) Drawback Entry Carnet

- 80)** Jane Smith passes the April 2002 Customs Broker Licensure Examination and makes application for a license at the Port of New York. She receives her Customs broker license from the Port Director of New York on November 1, 2002. On December 1, 2002, Jane moves to San Francisco, California where she obtains a position with a law firm. Jane notifies Customs at the Port of New York of her change in address. Which of the following must Jane do to ensure that her license remains valid and in good standing through January 2006?
- A)** Jane needs to do nothing. She is not actively engaged in customs business as a Customs broker.
 - B)** During the month of February 2003, Jane must file a status report at the Port of San Francisco, but is exempt from paying the fee because she is not actively engaged in conducting customs business.
 - C)** During the month of February 2003, Jane must file a status report with the associated fee to Customs at the Port of New York.
 - D)** During the month of February 2003, Jane must file a status report with the associated \$100 fee at the Port of San Francisco.
 - E)** On November 1, 2005, three years from the date her license is issued, Jane must file a status report with the associated fee at Customs Headquarters.

STOP.

THIS IS THE END OF THE TEST.

You may use the remaining time to go back and check your answers.

October 2002 Answer Key

- 1) C HTS General Note 2
- 2) D 19 CFR 24.23 (b)(1)(i)(A)
- 3) E 19 CFR 24.1
- 4) B 19 CFR 159.9(c),(d); 159.10(c)(1)(2)
- 5) D 19 CFR 18.2(c)(2)
- 6) A 19 CFR 162.73(b)(1)(ii)
- 7) A 19 CFR 143.6(a)
- 8) B 19 CFR 111.21(a),(c); 111.24; 111.25; 111.26
- 9) D 19 CFR 134.46
- 10) D 19 CFR 10.223(b)(A)
- 11) A 19 CFR 142.15
- 12) C 19 CFR 174.21(b)
- 13) E 19 CFR 146.64(d)
- 14) B 19 CFR 181 App, Part I, Section 2(6)(d)
- 15) B 19 CFR 132.12(c)(2)
- 16) A 19 CFR 191.28
- 17) D HTS Chapter 9 Note 1; Additional U.S. Note 1
- 18) A HTS Chapter 20 Note 6, Chapter 22 Note 2
- 19) E GRI 3 (c)
- 20) B GRI 1; 5(a)
- 21) C Eo Nominee; GRI 2(a)
- 22) D Eo Nominee; HTS Chapter 54 Note 1
- 23) C HTS Section XV Note 2, 3
- 24) A HTS Section XI Note 2 (A), 2(B)
- 25) B Eo Nominee
- 26) D HTS Chapter 40 Note 7, 9
- 27) B Additional U.S. Rule of Interpretation 1(b)
- 28) E Eo Nominee; General Note 3(b)
- 29) A HTS Chapter 68 Additional U.S. Note 1
- 30) E HTS Chapter 90 Note 4
- 31) D Eo Nominee
- 32) C Eo Nominee
- 33) A Eo Nominee; GRI 5
- 34) E GRI 1; HTS Section XVI Note 1(a)
- 35) C Eo Nominee; HTS Chapter 42 Note 1(ij)
- 36) C GRI 3(b)
- 37) D HTS Chapter 98, Subchapter 1, U.S. Note 1(a); 9801.00.2500
- 38) B HTS Statistical Annex B; 19 CFR 102.21(c)(2)
- 39) A 19 CFR 10.16 (b),(c)
- 40) D 19 CFR 191.42(a)

- 41) C 19 CFR 133.43(b)
- 42) A 19 CFR 181, App (NAFTA Rules of Origin Regulations, Section 5 (De Minimis Rule for Textile Goods); HTS Note 12
- 43) B 19 CFR 159.2
- 44) C 19 CFR 152.103(j)
- 45) E 19 CFR 152.105(d)
- 46) B 19 CFR 152.106
- 47) A 19 CFR 152.102(a); 152.106(a),(c)
- 48) C 19 CFR 152.103
- 49) D 19 CFR 152.103(a)(1), example 4
- 50) C 19 CFR 152.103
- 51) B 19 CFR 113.40(a)
- 52) B 19 CFR 10.178(b)(1)
- 53) E 19 CFR 111.28(d); 111.30(b)
- 54) C 19 CFR 172.2(b),(c)
- 55) C 19 CFR 174.22(d)
- 56) A 19 CFR 102.21(c)(2)
- 57) B 19 CFR 102(c)(2)
- 58) D 19 CFR 18.10(a)
- 59) E 19 CFR 111.28(a)
- 60) C 19 CFR 142.18; 146.31(a); 158.45(c)
- 61) A 19 CFR 19.12(d)(5)
- 62) E 19 CFR 174.12(e)(2)
- 63) B 19 CFR 111.37; 111.38
- 64) A 19 CFR 143.21(k)
- 65) E 19 CFR 163.6(b)(3)
- 66) E 19 CFR 134.43
- 67) D 19 CFR 144.41(c)(2)
- 68) C 19 CFR 173.4(b)(1)
- 69) B 19 CFR 142.13(d); 142.14(b)
- 70) E 19 CFR 111.29(b)
- 71) A 19 CFR 141.34
- 72) B 19 CFR 144.11(d)
- 73) C 19 CFR 181.64(a),(b)
- 74) E 19 CFR 141.4
- 75) D 19 CFR 19.1(a)
- 76) A 19 CFR 18.12(a); 127.2(b)
- 77) D 19 CFR 113.62
- 78) E 19 CFR 132.5(c)
- 79) B 19 CFR 113.4(b); 114.3(a)
- 80) C 19 CFR 111.30(d)