



DEPARTMENT OF COMMERCE

International Trade Administration

19 CFR Part 351

RIN: 0625-AA92

Docket No.: 120613168-2175-02

Regulation Strengthening Accountability of Attorneys and Non-Attorney Representatives Appearing before the Department

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Final Rule.

SUMMARY: The Department of Commerce (the Department) is amending its regulations to add a subsection that strengthens the accountability of attorneys and non-attorney representatives who appear in proceedings before the Import Administration (IA). The rule provides that both attorneys and non-attorney representatives will be subject to disciplinary action for misconduct based upon good cause. The rule will assist the Department in maintaining the integrity of its proceedings by deterring misconduct by those who appear before it in antidumping duty (AD) and countervailing duty (CVD) proceedings.

DATES: *Effective Date:* [INSERT 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER]. *Applicability Date:* This rule will apply to all submissions made on or after the effective date.

FOR FURTHER INFORMATION CONTACT: Michele Lynch, Senior Counsel, Office of the General Counsel, Office of Chief Counsel for Import Administration, or Eric Greynolds, International Trade Program Manager, Office 3, Import Administration, U.S. Department of

Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, 202-482-2879 or 202-482-6071, respectively.

SUPPLEMENTARY INFORMATION:

Background

On June 26, 2012, the Department published a proposed rule entitled “Regulation Strengthening Accountability of Attorneys and Non-Attorney Representatives Appearing Before the Department” that would amend its regulations to add a subsection to strengthen the accountability of attorneys and non-attorney representatives who appear in proceedings before IA. (77 FR 38017). The proposed rule detailed amendments to the Department’s regulations that provide, when good cause is found, that both attorneys and non-attorney representatives will be subject to disciplinary action for misconduct.

The Department received a number of comments on its proposed rule, which can be accessed using the Federal eRulemaking portal at <http://www.regulations.gov> under Docket Number ITA-2012-003.

After analyzing and considering all of the comments that the Department received in response to the proposed rule, the Department is adopting the rule without changes and is amending its regulations to add a new subsection.

Explanation of Changes to 19 CFR 351

To implement this rule, the Department is amending 19 CFR part 351 to add to subpart C section 351.313.

Response to Comments on the Proposed Rule

Below is a summary of the comments, grouped by issue category, followed by the Department's response.

Comment 1– Necessity for Proposed Rule

Most commenters support the Department's goal of strengthening the accountability of attorneys and non-attorney representatives who engage in misconduct during agency proceedings. One commenter observed that the proposed rule "reasonably makes clear the Department's intentions and practice so that attorneys and other representatives will be on notice of the consequences of any misconduct." Another commenter stated that the Department's efforts in promulgating the proposed rule are laudable and are "crucial to upholding the rule of law and integrity" of the Department's administrative proceedings. Other commenters summarized examples of misconduct that have occurred before the Department, noting that such incidents have been increasing in recent years. Some commenters, however, question the purpose of the proposed rule. One commenter, for example, expressed concern that, however well-intentioned the proposed rule is, it subjects practitioners to potentially punitive sanctions "at the whim of government officials" without clear guidelines or safeguards. While acknowledging the need for the Department to regulate non-attorney representatives, another commenter suggested that there is no separate need for the Department to discipline attorneys because appropriate Bar counsel and associations are responsible for such discipline.

Response: As discussed previously in the Notice of Proposed Rulemaking (77 Fed. Reg. 38017), the Department believes that promulgation of this rule will assist the Department in its efforts to continue to maintain the integrity of its proceedings by deterring misconduct by attorneys and

non-attorney representatives appearing before it in antidumping and countervailing duty proceedings. Set forth below are our responses with respect to specific issues.

Comment 2 – Practitioners may have to demonstrate acceptability to practice

Certain commenters are concerned with the “acceptability” language contained in the proposed rule and have asserted that the term is impermissibly vague. One has suggested that the Department create a standard of acceptability where “technical competence and ethical integrity” must be satisfied. According to this commenter, attorneys would automatically satisfy the standard while non-attorney representatives should be required to adhere to a code of conduct and, for technical competence, to meet standards modeled after other agencies such as the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). The commenter states that the ATF requires practitioners to satisfy minimum standards such as 5 years of employment with the agency or 5 years of employment in the regulated industry, or prior experience representing parties before the Internal Revenue Service or ATF.

Response: The “acceptability” language in the rule mirrors language that appears in the International Trade Commission (ITC’s) regulation governing the appearance of attorneys and agents before the Commission (19 CFR 201.15): “Any person desiring to appear as attorney or representative before the Department may be required to show to the satisfaction of the Secretary his *acceptability in that capacity*.” The Department is not aware that this requirement has caused the ITC any difficulty in administering its regulation. Without having applied the rule, the Department is not in a position to identify every conceivable instance in which this provision may need to be invoked, but the Department does not agree that it is impermissibly vague. We

note that an attorney, who is eligible to practice pursuant to the rules of the bar of the highest court of any State, possession, territory, or Commonwealth of the United States, or of the District of Columbia, who is not currently under suspension or disbarment, may practice as an attorney before the Department. The possibility exists that a person who is not an attorney in good standing as set forth above might identify himself or herself as an attorney or “legal representative” in an administrative proceeding. If that happens, the Department may find that the mischaracterization of that person’s status renders that person not acceptable in the capacity presented.

Additionally, suspension or disbarment of an attorney or non-attorney representative by another agency or disciplinary tribunal might render such a person ineligible to appear before the Department. As discussed further below, this would be especially true if the suspension or disbarment were based upon fraud, misrepresentation, bribery or perjury. The Department agrees with the commenter who noted that attorneys and non-attorney representatives should have sufficient knowledge of and competence in the subject area and should comply with the highest professional and ethical standards. However, unlike the ATF, the Department does not administer a regulated industry and is not instituting any technical “tests” that practitioners must satisfy except for the obvious standard that attorneys practicing before the Department must be in good standing before a U.S. Bar as noted above.

Comment 3 - Good cause standard for the application of sanctions for misconduct

Certain commenters assert that the “good cause” standard contained in the proposed rule is vague and undefined, and that this lack of definition could create uncertainty for practitioners. Another

commenter recommends that the Department review allegations of misconduct prior to beginning a proceeding to ensure that a plausible basis exists for imposing sanctions.

Response: The Department does not agree that a “good cause” standard is too vague. Many administrative agencies, including the Department, are frequently required to exercise discretion based upon a standard of “good cause.” Indeed, this standard already appears in the Department’s regulations in several other contexts, so the agency and practitioners are familiar with it and the agency has significant experience applying such a standard. See 19 CFR 351.216(c), 351.218(d)(3)(iv), 351.218(e)(1)(iii), 351.302(b), 351.307(b)(1)(iv). Allegations of misconduct by an attorney or non-attorney representative in an administrative proceeding will be reviewed to ensure that there are adequate or substantial grounds supporting the allegation and the affected party will have an opportunity to present his or her views before any sanction is imposed.

Comment 4 – What is “improper conduct”

Commenters have suggested that the Department further define “improper conduct” so that practitioners understand what conduct is and is not acceptable. Included within one comment was an inquiry concerning the possible effect of suspension or disbarment by another agency.

Response: Because of the breadth and variety of proceedings involving practitioners before the Department, we are not able to define every possible act that may be encompassed by the term “improper conduct.” Indeed, there may be some types of “improper conduct” in the future that we simply cannot contemplate at this time. Further, the Department is concerned that any attempt to specifically define “improper conduct” would be deemed by certain practitioners to be

an exhaustive list. It is the Department's intent to maintain the integrity of its proceedings and the agency will proceed to review any allegations of misconduct that may arise on a case-by-case basis. The Department can identify, however, certain conduct by attorneys and non-attorney representatives that directly affects the integrity of its proceedings and that would be considered improper. Clearly improper conduct includes, but is not limited to, knowingly providing incorrect information to the agency; knowingly making misrepresentations of fact or law; knowingly making false accusations in a proceeding; failing to engage in reasonable diligence including failure to exercise such diligence in the preparation and/or review of submissions; and assisting an attorney or non-attorney representative who has been suspended or disbarred from practicing before the Department during such disbarment or suspension to work on matters pending before the agency.

The Department will have to examine on a case-by-case basis the circumstances surrounding an attorney's or non-attorney representative's suspension or disbarment by another federal agency. Certain circumstances surrounding a suspension or disbarment may call into question an attorney's or representative's ability to practice before the Department, such as if the practitioner were suspended or disbarred for perpetrating a fraud, misrepresentation, perjury, or bribery upon another agency.

This rule is not intended to cover ethical conflicts uniquely within the province of local Bar authorities. For instance, the Department will not consider claims that a prior attorney refuses to provide a client's file to the current attorney or that a former law firm lawyer is representing a new client whose interest conflicts with the attorney's former clients. Additionally, parties should not file requests covering such matters with the Department believing that the Department

will notify appropriate Bar counsel of the possible ethical conflict. The Department will not entertain such requests and will not refer such conflicts to Bar counsel. Instead, to the extent a law firm or individual attorney believes that an ethical breach is occurring or has occurred, they should follow the appropriate professional responsibility guidelines and ethical canons.

Comment 5 – Procedural Safeguards

Certain commenters express concern about what they deem to be a lack of procedural safeguards protecting attorneys and non-attorney representatives. Specifically, the commenters assert that the agency should provide more than just a mere opportunity to present views, and that affected parties should have the right to review and respond to evidence forming the basis of any potential disciplinary action. Other commenters suggest that agency personnel involved in a prospective disciplinary proceeding should be independent from the personnel conducting the underlying administrative proceeding, similar to the agency's Administrative Protective Order (APO) practice. One commenter has suggested that the Department designate a contact person or office to handle misconduct inquiries. Another commenter asserts that the Department is required to establish procedures to protect client confidences in the defense of a prospective disciplinary action and to permit reference to APO information in defense of an action. Another commenter appreciated the Department's intention to provide practitioners with the opportunity to provide their views to the agency before the imposition of sanctions indicating that adequate due process must be provided.

Response: Before issuing this rule, the Department considered the process to be followed in the event that an allegation of misconduct is received or if the agency is otherwise aware of the

misconduct. The Department believes that the existence of the regulation will serve to remind practitioners of their responsibilities such that the regulation may not be heavily used. The agency intends to develop specific procedures for handling misconduct allegations as it proceeds and expects to refine such procedures as it gains experience with misconduct claims. Although the Department may use the agency's APO regulations as guidance, the Department does not presently envision adopting the lengthy process contained in those regulations. For now, it is sufficient that the affected party will be afforded the opportunity to provide his or her views to the agency. The Department believes that this will permit potentially affected parties an opportunity to review and respond to the allegations and the evidence. It is not the Department's intention to require attorneys to breach client confidences. However, attorneys and non-attorney representatives are reminded that a successful practice before the Department requires due diligence. With respect to misconduct involving information covered by an APO, the agency will have to address such a situation if it arises under this rule. The Department agrees with the suggestion that the personnel involved in administering the underlying administrative proceeding should not be involved in a misconduct investigation once an allegation is made or in determining the proper sanction for the misconduct. The Department has not yet determined whether a specific person or office will be responsible for reviewing misconduct inquiries but will continue to consider the matter as it gains experience administering this new regulation. For now, parties may direct such allegations to the Deputy Assistant Secretary for Import Administration at the filing address set forth in 19 CFR 351.303(b) of our regulations.

Comment 6 - Public Register of Sanctioned Attorneys and Representatives

Several commenters take issue with the Department's stated intention of maintaining a public register of attorneys and representatives who may be suspended or barred from practice before the agency. Some suggest that the Department simply publish the offenders' names in the Federal Register along with the periods for such suspension or disbarment thereby obviating the need to maintain a separate registry. Others believe that a public registry is not warranted noting that the ITC's comparable rule has no such provision and that consistency between the two regulations would be beneficial to all parties. One commenter asserts that the maintenance of an internal, non-public list should be sufficient to prevent such persons from practicing while another is concerned that the registry might contain names of attorneys, who through an inadvertent bracketing error, have violated the Department's APO procedures and that such public release would be overly harsh. Others state that, because the proposed regulation, like the ITC's regulation, contemplates the issuance of public reprimands, where appropriate, there is no need for a public registry. One of those commenters also expressed concern that in today's internet age, publicizing violators' names will survive long after the temporary nature of any suspension.

Another commenter suggests that the Department delete any reference to a private reprimand arguing that the rule will be less effective if the public and trade community are not aware of reprimands and that the possibility of private reprimands affects the transparency of the proposed rule.

Response: The public nature of the registry is intended to serve as a deterrent to prevent attorneys and non-attorney representatives from engaging in improper conduct with respect to their practice before the agency. Whether the deterrent is created by notification in the Federal

Register or through maintenance of a public registry is largely a distinction without a difference. The Department recognizes in this rule that there may be situations that do not necessitate sanctions or disbarment from practicing before the agency - both of which would result in public disclosure - and that a private reprimand would be appropriate in the circumstances.

This rule is not intended to interfere or overlap with the APO regulations located at 19 CFR 354.1 which have been in place for many years. Consequently, Departmental action taken pursuant to this rule is not intended to encompass behavior regulated by the APO regulations. If misconduct is alleged involving information covered by an APO, the Department will address the situation at that time. Inadvertent APO bracketing alone should not result in an attorney's or non-attorney representative's name being placed on the public registry maintained for violations of this rule (although, the APO regulations do not mandate that sanctions be private).

With respect to comments that publication is “draconian” or will survive long-past the actual suspension in the internet age, we note that at a minimum, attorneys are aware that publicizing names of those found to have violated their professional responsibilities is undertaken routinely by local disciplinary tribunals. For example, the D.C. Office of Bar Counsel and Board on Professional Responsibility publish the names of reprimanded, suspended and disbarred attorneys on a monthly basis in the *Washington Lawyer: The Official Journal of the District of Columbia Bar*, along with a description of the violation. Disciplinary information is also available on the District of Columbia Bar website www.dcbbar.org. Publicizing names of those who violate this rule is thus consistent with the practice of other disciplinary tribunals.

Comment 7 – Effect on those working with sanctioned attorney or non-attorney representative

The Department received comments indicating that the proposed rule does not address the effect that sanctioning an individual working in a firm or with co-counsel might have upon the firm or co-counsel. The same commenter also expressed concern that the proposed rule does not address whether a “lead attorney” will be held responsible for another person’s misconduct.

Response: Depending upon the nature of the misconduct allegation, the Department may be required to investigate more than one practitioner at a firm and will consider all allegations on a case-by-case basis. Practitioners whose names appear on submissions before the agency, including certifications filed pursuant to 19 CFR 351.303, are subject to disciplinary action pursuant to the rule. It is not the Department’s intent at this time to hold one practitioner responsible for the conduct of others; however, if a submission contains multiple names, all named practitioners may be responsible for any misconduct associated with the submission. Consequently, if the Department determines that a submission contains misrepresentations and, for example, three practitioners are listed on the submission, then depending upon the results of the Department’s investigation, it may be appropriate for all three practitioners to be sanctioned. In general, the Department does not intend to sanction entire firms when a particular representative is determined to have engaged in misconduct, unless the facts and evidence support such a sanction. The Department does, however, expect that firms will ensure that any sanctioned individuals abide by the terms of any sanction and will not permit such individuals to work on Department matters during the pendency of any sanction. In fact, such action could itself be deemed to be improper conduct and subject the firm to sanctions.

Comment 8 – Who may appear before the Department

Commenters have variously suggested that the Department require licenses to appear before it, that non-attorney representatives may not appear before the agency and that permitting them to do so violates D.C. Bar rules, that the Department should only permit entities to be represented by “approved” representatives subject to discipline, and that foreign-based non-attorneys should not be permitted to appear before the agency. Certain commenters have also suggested that the Department preclude non-attorney representatives from raising legal issues.

Response: The Department’s regulations for many years have permitted attorneys and non-attorney representatives to appear before the agency in representative capacities and have regulated their appearance without requiring an application or a license to do so and without restricting the issues covered by either type of representative. This rule does not change that practice in any respect. The rule expressly identifies persons who may appear before the agency, including both attorneys and non-attorney representatives, and identifies possible sanctions for misconduct by such representatives. Nothing presently precludes the Department from disciplining any representatives including attorneys who appear before it. Indeed, both attorneys and non-attorney representatives have been subject to possible discipline for years for violation of the Department’s APO procedures. The Department recognizes that some agencies require certain non-attorney practitioners to enroll to practice before them (for instance, ATF). Trade remedies, however, is not a regulated industry warranting such enrollment.

The Department shares the concern expressed by one commenter that this rule may not remedy misconduct by all practitioners, specifically those who do not operate in the United States. To the extent a foreign non-attorney representative (a foreign attorney, not licensed in the United States, a U.S. possession or territory, may not appear as an attorney in Department proceedings

and may only appear as a non-attorney representative) is found to have violated the rule, he or she will be subject to the same disciplinary sanctions by the Department as U.S. non-attorney representatives. Depending upon the nature of the misconduct, such an individual may thus receive a reprimand, a suspension for a period of time or disbarment from appearing before the agency and with respect to the latter two, would not be permitted to appear before the Department or sign submissions filed with the Department. To the extent a commenter is concerned that the suspended or disbarred foreign non-attorney representative could then begin to work for other companies behind the scenes, we agree that the Department's ability to police such matters is limited; however, the Department expects that any such cases would be exceptional and will seek to address them consistent with their particular facts.

With respect to disciplining attorneys who appear before the Department, many federal agencies undertake similar endeavors. We agree that relevant Bar associations and Bar counsel are well able to discipline attorneys and the Department expects to refer the names of attorneys that the Department determines have engaged in misconduct to the appropriate Bar counsel.

Classification

Executive Order 12866

This final rule has been determined to be not significant for purposes of Executive Order 12866.

Regulatory Flexibility Act

In accordance with the Regulatory Flexibility Act, 5 USC 601 et seq., the Chief Counsel for Regulation at the Department of Commerce certified to the Chief Counsel for Advocacy, Small Business Administration, at the proposed rule stage that this action would not have a

significant economic impact on a substantial number of small entities. No comments were received regarding the economic impact of this rule. As a result, the conclusion in the proposed rule remains unchanged and a final regulatory flexibility analysis is not required and none has been prepared.

List of Subjects in 19 CFR Part 351

Administrative practice and procedure, Antidumping duties, Countervailing duties.

Dated: April 11, 2013.

Paul Piquado

Assistant Secretary for Import Administration

For the reasons stated above, the Department amends 19 CFR part 351 as follows:

PART 351 - ANTIDUMPING AND COUNTERVAILING DUTIES

1. The authority citation for 19 CFR part 351 continues to read as follows:

Authority: 5 U.S.C. 301; 19 U.S.C. 1202 note; 19 U.S.C. 1303 note; 19 U.S.C. 1671 et seq.; and 19 U.S.C. 3538.

2. Add § 351.313 to subpart C to read as follows:

§ 351.313 Attorneys or representatives.

In general. No register of attorneys or representatives who may practice before the

Department is maintained. No application for admission to practice is required. Any person desiring to appear as attorney or representative before the Department may be required to show to the satisfaction of the Secretary his acceptability in that capacity. Any attorney or representative practicing before the Department, or desiring so to practice, may for good cause shown be suspended or barred from practicing before the Department, or have imposed on him such lesser sanctions (e.g., public or private reprimand) as the Secretary deems appropriate, but only after he has been accorded an opportunity to present his views in the matter. The Department will maintain a public register of attorneys and representatives suspended or barred from practice. “Attorney” pursuant to this subpart and “legal counsel” in § 351.303(g) have the same meaning. “Representative” pursuant to this subpart and in § 351.303(g) has the same meaning.

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