

ALERT

Contractors Indicted on Trade-Related Fraud Charges as DOJ Continues Enforcement Push

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A federal grand jury recently indicted two companies based in the Denver area, along with several current and former executives, for allegedly defrauding the U.S. government. The August 21 indictment, announced September 30, accuses the defendants of falsely claiming that foreign-manufactured forklifts sold to federal agencies were made in the United States and misrepresenting the products' value to avoid tariffs. This U.S. Department of Justice (DOJ) prosecution is the most recent in a string of enforcement actions predicated on country of origin and value misrepresentations and underscores the Trump Administration's heightened focus on trade-related enforcement, including tariff evasion.

At the indictment's core are allegations that the companies, Endless Sales Inc. and Octane Forklifts, Inc., along with executives Brian Firkins and Jeffrey Blasdel and former executive J.R. Antczak, conspired to import forklifts from China, conceal their origin, and misrepresent them as domestically produced. The scheme purportedly involved collaboration with a Chinese national and manufacturer to produce fraudulent commercial invoices that undervalued the imported forklifts, resulting in over \$1 million in lost tariffs, duties, and fees. If found guilty, the defendants could face hefty fines and, in the case of the individuals, jail time. In addition to false statement counts, the defendants face multiple wire fraud charges – each carrying a maximum sentence of 20 years in prison and a \$250,000 fine (for the executives) or \$500,000 fine (for the companies). The defendants are also charged with conspiracy to enter goods into the United States using false or fraudulent statements. For individuals, this offense carries a maximum penalty of five years in prison and a \$250,000 fine; for corporations, the

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maximum fine is \$500,000 or twice the financial gain or loss involved.

DOJ has made it clear through multiple policy pronouncements that enforcement of trade and country of origin laws is a top priority for this Administration, and recently announced the creation of an interagency Trade Fraud Task Force focused on enforcement against tariff evasion and customs fraud. This indictment is just the latest example of DOJ taking action against importers and other parties who allegedly seek to evade tariffs, duties, or customs requirements, or attempt to smuggle prohibited goods into the United States. Together with the Trade Fraud Task Force, this action represents a significant escalation in trade enforcement under the Trump Administration's "America First Trade Policy."

In addition to reinforcing the Administration's trade enforcement priorities, this case underscores the DOJ's broader commitment to addressing procurement fraud – a persistent threat to the integrity of federal spending. The indictment stems directly from the Justice Department's Procurement Collusion Strike Force, established in November 2019 to combat antitrust violations and fraudulent conduct affecting government procurement and funding programs.

For U.S. government contractors importing goods, this case serves as a clear signal: Staying informed about enforcement efforts and strengthening compliance programs is critical. Contractors must ensure all representations to the government are accurate, maintain thorough documentation of imported components used in products supplied to federal agencies, and strictly comply with the Buy American Act and Federal Acquisition Regulation certification requirements.

Enforcement actions will continue to address compliance failures through both civil and criminal channels, reflecting the Administration's focus on trade fraud that undermines public resources and taxpayer interests.

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