

ALERT

DOJ Launches Trade Fraud Task Force, Ramping Up Civil and Criminal Enforcement

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The U.S. Department of Justice (DOJ) recently announced the creation of an interagency Trade Fraud Task Force aimed at stepping up enforcement against tariff evasion and customs fraud. The Task Force will bring together the DOJ's Civil and Criminal Divisions with the U.S. Department of Homeland Security (DHS), including Customs and Border Protection (CBP) and Homeland Security Investigations (HSI). This cross-agency initiative is designed to intensify enforcement against importers and other parties who seek to evade tariffs, duties, or customs requirements, or who attempt to smuggle prohibited goods into the United States – a central component of DOJ's enforcement priorities. The Task Force is the latest in a series of DOJ partnerships aimed at enhancing enforcement in priority areas, which include trade, and underscores yet another reason for companies to double down on compliance. Now is the time for companies to reexamine their compliance programs and take stock of whether they are adequately designed and being meaningfully deployed to deter and detect trade-related misconduct, as well as other high-priority misconduct.

Structure and Priorities

The Trade Fraud Task Force will augment existing DOJ coordination mechanisms and bring together the Criminal Division, Civil Division, DHS, CBP, and HSI. This cross-agency task force continues the recent trend of galvanized DOJ partnerships, including the Health and Human Services Health Care Fraud Working Group, which are designed to pool resources and effectuate the Administration's enforcement priorities. And like the Health Care Fraud Working Group, the new Trade Fraud Task Force will look to enhance the work DOJ civil has done with its own trade task force, created during the

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Practice Areas

Civil Fraud, False Claims, *Qui Tam* and Whistleblower Actions
Customs Law and Compliance
International Trade
Oversight, Investigations & White Collar Enforcement
Tariffs & Trade Policy
Trade Policy and Trade Negotiations
White Collar Defense & Government Investigations

last Trump Administration.

The newly established task force will prioritize investigations into the misclassification of goods, transshipments designed to evade tariffs, the circumvention of duties, drawback abuse, and smuggling of prohibited or counterfeit goods.

The Civil Division will leverage the False Claims Act (FCA) to pursue these enforcement priorities. The FCA is a potent tool that DOJ uses to recover government outlays resulting from false claims for payment. The statute imposes civil liability on any person who knowingly presents a false claim for payment of government funds or makes a false statement that is material to a claim for payment of government funds. Similarly, and frequently used in trade fraud cases, the reverse false claims provision imposes liability for knowingly avoiding an obligation to pay the government or retaining a government overpayment. The FCA also enables private whistleblowers (or “relators”) to file *qui tam* actions on behalf of the government and receive a share of any money recovered in the litigation.

DOJ has already put the FCA to work in the trade space, reaching several settlements since March 2025 involving key industries, including:

- Multi-layered wood flooring: \$8.1 million settlement to resolve allegations that a San Francisco-based importer knowingly evaded customs duties – including antidumping, countervailing, and Section 301 tariffs – by falsifying the country of origin and manufacturer information submitted to CBP.
- Plastic resin: \$6.8 million settlement related to a New Hampshire- and New York-based entity knowingly failing to pay customs duties on certain plastic resin imports from the People’s Republic of China. Notably, the company self-disclosed the misconduct to DOJ after an internal investigation uncovered wrongdoing.
- Extruded aluminum (patio furniture): \$4.9 million settlement to resolve allegation that a Pennsylvania-based patio furniture manufacturer and importer evaded antidumping and countervailing duties on extruded aluminum from the People’s Republic of China by submitting false declarations to CBP.
- Quartz surface products: \$12.4 million settlement to resolve allegations that a Dallas-based supplier of countertops and cabinetry products and its president evaded antidumping and countervailing duties on quartz surface products imported from the People’s Republic of China by misclassifying the quartz products and lower-duty goods, like marble or crystallized glass.

The Criminal Division, on the other hand, will lean on the Fraud Section to use “every available tool to hold bad actors accountable and prevent the theft of money intended to reduce the deficit and fund government programs.” This will likely include indictments brought under 18 U.S.C. § 541 (entry of goods by means of false classification), 18 U.S.C. § 542 (entry of goods by means of false statements), 18 U.S.C. § 1001 (materially false statements to the United States), and 18 U.S.C. § 545 (smuggling).

The Task Force also welcomed “referrals and cooperation from the domestic industries that are most harmed by unfair trade practices and trade fraud.” This includes whistleblower tips through the Criminal Division’s Corporate Whistleblower Program and by bringing claims under the FCA’s *qui tam* provisions.

Takeaways

The Trade Fraud Task Force represents a significant escalation in trade enforcement under the Administration's "America First Trade Policy." Companies engaged in importing, exporting, or supply chain management should expect increased enforcement coordination among DOJ, DHS, CBP, and HSI. Both civil and criminal exposure is possible for tariff evasion, misclassification, and the smuggling of goods, with penalties ranging from treble damages under the FCA to criminal fines and imprisonment.

Given the complexity of tariff regulations and this increasing focus on enforcement, companies engaged in international trade should consider:

- Evaluating their compliance programs to identify gaps in product classification, valuation, country-of-origin determinations, and potential transshipment risks.
- Strengthening supply chain due diligence, particularly when working with new suppliers in jurisdictions with lower tariffs or limited regulatory oversight.
- Promptly reviewing and investigating whistleblower or hotline reports, ensuring that inquiries are conducted timely and thoroughly.
- Evaluating whether targeted audits would help test the effectiveness of existing trade controls and compliance procedures.

When violations are found, companies should evaluate whether a voluntary disclosure to DOJ is appropriate, particularly in industries where enforcement activity is increasing or where affected goods originate from countries experiencing increased enforcement, such as China.