CLIENT ALERTS & INSIGHTS

DOJ's New Trade Fraud Task Force Raises Criminal Exposure for Importers

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Authors: Marisa T. Darden, Jonathan R. Todd, Matthew David Ridings, Robert J. Kolansky, Peter J. Sullivan, Jr. (PJ)

Key Takeaways

- The Department of Justice in partnership with the Department of Homeland Security has launched a new Trade Fraud Task Force to aggressively investigate and prosecute customs and trade fraud, including duty evasion and importation of prohibited goods. This Task Force is using expanded statutory tools and encouraging whistleblower and qui tam actions to identify violations.
- This marks a significant escalation in enforcement risk for importers and companies involved in international trade, as the DOJ is now seeking maximum penalties for violations and is less likely to consider mitigating factors. Businesses face increased exposure to investigations, penalties and whistleblower actions if they fail to comply with customs laws.
- Companies should immediately review and strengthen their customs compliance programs, ensure accurate classification and valuation of goods, and implement robust internal reporting and training systems. Ongoing monitoring and adaptation to changing enforcement trends are essential to manage risk.

The Department of Justice (DOJ) has identified trade and customs fraud as among a few prioritized areas for agency investigation and prosecution.[1] The Department announced a new inter-agency Trade Fraud Task Force on August 29, 2025, designed to "aggressively pursue enforcement actions against any parties who seek to evade tariffs and other duties" and those who attempt to import prohibited goods.[2] The joint Task Force combines the efforts of the Civil and Criminal Divisions of the DOJ and the Department of Homeland Security (DHS) to support the investigation and prosecution of trade and customs fraud.

This development from the Trump Administration is consistent with its emphasis on utilizing customs duties as a source of revenue, a protectionist tool for domestic industry, and a preferred means of managing international relationships. Immediately on Inauguration Day, President Trump announced the "America First Trade Policy," which mandated a comprehensive review of United States trade and economic policies, intended to "put the American economy, the American worker, and our national security first."[3] Shortly thereafter, President Trump issued Executive Order 14243 streamlining intra- and inter-agency sharing of unclassified agency records to enhance the Government's ability to detect waste, fraud, and abuse.[4]

The "America First Trade Policy" and Executive Order 14243 provide a foundation for the Task Force to quickly identify and pursue those who violate customs laws through various statutory tools, including penalties under the Tariff Act of 1930, actions under the False Claims Act (FCA), and when appropriate, criminal prosecutions, penalties, and seizures under Title 18's trade fraud and conspiracy provisions.[5] The use of the FCA in customs matters represents an aggressive escalation from Customs and Border Protection's traditional approach to duty evasion matters under 19 USC § 1592, which carries a maximum penalty up to the domestic value of the imported merchandise. Even traditional enforcement policy is changing. Enforcement matters subject to Section 1592 were historically prosecuted using CBP mitigation guidelines. Now, the agency has indicated throughout 2025 that it intends to seek maximum prosecution without consideration of mitigating factors.

Early evidence of the DOJ's reliance on FCA enforcement actions in duty evasion matters speaks loudly and clearly about this emerging trendline. For example:

- On July 23, 2025, the DOJ announced a $6.8 million settlement with a New Hampshire and New York-based company for failing to pay customs duties on certain plastic resin imports. The company disclosed the violation voluntarily and took additional steps to cooperate with the government. The DOJ emphasized that the company's cooperation mitigated potential civil/criminal consequences.[6]
- On July 24, 2025, the DOJ announced a $4.9 million settlement with a Pennsylvania-based patio furniture manufacturer and importer for allegedly violating the FCA by evading antidumping and countervailing duties. The DOJ began its investigation as a result of a former employee's qui tam suit.[7]
- On August 19, 2025, the DOJ announced a $12.4 million settlement with a Dallas-based supplier of countertops and cabinetry products alleged to have violated the FCA by evading "antidumping and countervailing duties owed to the United States on quartz surface products."[8]

DOJ Guidance and Best Practices for Moving Forward

All manner of customs law non-compliance that results in underpayment of duties to the United States is susceptible to increased enforcement by the Fraud Task Force. The root causes of those violations may include seemingly administrative items such as misclassification of goods, customs duty undervaluation, and misstatements of the country of origin. Deliberate information sharing between DHS and DOJ will facilitate the DOJ's efforts to pursue these types of investigations and cases. The DOJ is also encouraging whistleblowers to report allegations of fraud through the Criminal Division's Corporate Whistleblower Program. The DOJ further encourages the use of *qui tam* suits under the FCA, which allows private citizens to sue on behalf of the United States to recover funds lost to fraud. Individuals are particularly incentivized by *qui tam* lawsuits as they can receive a portion of the government's recovery if the action is successful.

In launching the Task Force, the DOJ expressly signals to the domestic industry that it is best positioned to identify and prevent fraud. Every importer of record is responsible for its own compliance with the law. Every competitor or customer of companies with nefarious practices has the opportunity to raise whistleblower complaints with the DOJ. Most importantly, now is the time to validate and strengthen ongoing customs compliance. If historic non-compliance is identified, voluntary disclosures remain available, consistent with the DOJ's Justice Manual and CBP's existing disclosure program.

DOJ's Criminal Division recently revised its guidance on its expectations for corporate compliance programs, which require that a program be well-designed, adequately resourced, and empowered, and work in practice. Any well-designed compliance program will utilize employee training to identify red flags in country-of-origin designation, customs valuation, and tariff classification. Many companies will maintain anonymous internal tip lines and clear escalation procedures for employees raising compliance concerns. As tips are escalated, it is important to thoroughly vet and investigate complaints with the assistance of qualified counsel and, where appropriate, implement discipline and corrective measures. The development of any program is always on a case-by-case basis and tailored for each company's risk profile as determined by an internal risk assessment. No program is ever complete since compliance is always a process. Day-to-day awareness of changes in the compliance landscape, particularly the ever-changing tariff programs, is key to managing ongoing compliance.

The launch of the DOJ's Trade Fraud Task Force marks an escalation in criminal enforcement for customs and trade violations. Benesch's White Collar, Government Investigations & Regulatory Compliance Practice Group and Transportation & Logistics Practice Group can assist in conducting compliance risk assessments and creating or updating compliance controls tailored to your organization's specific needs and risks.

Marisa T. Darden at mdarden@beneschlaw.com or 216.363.4440.

Jonathan R. Todd at jtodd@beneschlaw.com or 216.363.4658.

Matthew David Ridings at mridings@beneschlaw.com or 216.363.4512.

Robert J. Kolansky at rkolansky@beneschlaw.com or 216.363.4575.

Peter J. Sullivan, Jr. (PJ) at psullivan@beneschlaw.com or 216.363.4648.

With contribution from Law Clerk Grace Bradley. She may be reached at gbradley@beneschlaw.com or 216.363.4153. ***Not yet admitted to practice law.***

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[1] *Focus, Fairness, and Efficiency in the Fight Against White-Collar Crime*, Memorandum, Department of Justice, available at: www.justice.gov/criminal/media/1400046/dl?inline.

[2] *Departments of Justice and Homeland Security Partnering on Cross-Agency Trade Fraud Task Force*, Press Release, Department of Justice, available at: www.justice.gov/opa/pr/departments-justice-and-homeland-security-partnering-cross-agency-trade-fraud-
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[3] *America First Trade Policy*, Presidential Memorandum, The White House, available at: www.whitehouse.gov/presidential-actions/2025/01/america-first-trade-policy/.

[4] Exec. Order No. 14243, 90 Fed. Reg. 13681 (Mar. 20, 2025).

[5] *E.g.* 18 U.S.C. §371 - Conspiracy to Defraud the United States

[6] *Importers Agree to Pay $6.8M to Resolve False Claims Act Liability Relating to Voluntary Self-Disclosure of Unpaid Customs Duties*, Press Release, Department of Justice, available at: www.justice.gov/opa/pr/importers-agree-pay-68m-resolve-false-claims-act-liability-relating-voluntary-self
.

[7] *Patio Furniture Company Grosfillex Inc. to Pay $4.9 Million to Resolve Allegations it Evaded Duties on Extruded Aluminum from the PRC*, Press Release, Department of Justice, available at: www.justice.gov/opa/pr/patio-furniture-company-grosfillex-inc-pay-49-million-resolve-allegations-it-evaded
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[8] *Allied Stone Inc. and Company Official Agree to Pay $12.4M to Settle False Claims Act Allegations Relating to Evaded Customs Duties*, Press Release, Department of Justice, available at: www.justice.gov/opa/pr/allied-stone-inc-and-company-official-agree-pay-124m-settle-false-claims-act-alle
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