# U.S. Trade Fraud Task Force Surpasses $1 Billion in Recoveries, Signaling Heightened Customs Enforcement

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Featured Practices: White Collar, Government Investigations & Regulatory Compliance, Litigation

Featured Industries: Transportation & Logistics, International Trade & Supply Chain Management

## Key Takeaways

- In just under a year since its August 2025 launch, the DOJ/DHS Trade Fraud Task Force has reportedly recovered over $1 billion in enforcement actions. DOJ also recently announced the creation of a new Global Trade & Commerce Enforcement Section as a permanent, dedicated litigating component for criminal trade and customs fraud, further signaling that trade fraud enforcement is now a fixed institutional priority within DOJ's National Fraud Enforcement Division.
- DOJ and DHS released a Resource Guide to Trade Fraud Enforcement ("Resource Guide") that details the government's enforcement architecture, statutory tools and compliance expectations. The Resource Guide makes clear that companies within DOJ jurisdiction must take greater care in selecting those with whom they choose to do business across their global supply chains.
- Voluntary self-disclosure remains a primary avenue for mitigating exposure. Although the DOJ's general stance is to seek maximum penalties without consideration of mitigating factors, it has simultaneously stated that companies that "voluntarily self-disclose, cooperation and remediation can secure a declination."

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## Task Force Results

The Department of Justice (DOJ) announced a new inter-agency Trade Fraud Task Force ("Task Force"), 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 following the DOJ's identification of trade and customs fraud as a priority for prosecution. The joint Task Force combines the efforts of the civil and criminal divisions of DOJ and the Department of Homeland Security (DHS) to support the investigation and prosecution of trade and customs fraud. Our team's prior client alert on the formation of the Task Force is available HERE.

This initiative supports the White House's "America First Trade Policy" and Executive Order 14243. The Task Force will leverage statutory tools including penalties under the Tariff Act of 1930, the False Claims Act (FCA), and Title 18's criminal trade fraud and conspiracy provisions.[1] This is an aggressive strategy that adds to the administration's traditional enforcement portfolio of using U.S. Customs and Border Protection (CBP) almost exclusively in pursuing civil penalties and liquidated damages for violations. Early reported settlements from FCA enforcement of these violations-with values of $6.8 million, $4.9 million and $12.4 million-confirmed this aggressive new posture through the end of 2025.[2] These developments are consistent with the administration's emphasis on utilizing customs duties as a source of revenue, a protectionist tool for domestic industry and a preferred means of managing international relationships.

Now nearly one year after its launch, the Task Force has established a consistent schedule of publicly reporting new successful enforcement actions and case outcomes. This is by design. The Task Force uses public announcements to both publicize enforcement wins and deter future violations. Most recently, on July 14, 2026, officials announced that Task Force recoveries from customs fraud enforcement actions surpassed the $1 billion mark.[3]

For example, DOJ announced two new criminal cases involving gold jewelry country-of-origin fraud:

1. Raj Kohli and Veena Kohli, operators of California-based Surya International Inc, were charged in Illinois federal court with falsely declaring their imported goods. The operators declared the imported gold as originating from Singapore when they were found to have country of origin status from India and the United Arab Emirates.[4]
2. Narain Gulabani, the owner and operator of Illinois-based Barkha Wholesale Inc., was charged in Illinois federal court with falsely declaring its imported gold jewelry as having country of origin status from Oman and Singapore.[5]

Between these two matters, the imported goods were valued at approximately $933 million with approximately $51.6 million in evaded duties.[6]

**Task Force Institutionalization**

The July 2026 announcements make clear that the Task Force is not a temporary initiative. The Resource Guide to Trade Fraud Enforcement (the "Resource Guide"), also released on July 14, 2026, confirms that the Task Force is now a permanent feature of federal enforcement. The Resource Guide characterizes trade fraud enforcement as "a continuing, coordinated priority of DOJ and DHS."[7]

The Resource Guide touts that it is "an unprecedented joint undertaking by DOJ and DHS to provide the public, trade and enforcement attorneys and professionals, as well as the business community with detailed information regarding our shared enforcement approach and priorities."[8] The Resource Guide identifies three primary motivations for strengthening enforcement: fiscal health, public safety and human dignity.[9]

1. **Fiscal Health**: DOJ claims the fiscal impact of trade fraud is significant. Duty evasion is presented as effectively stealing from the public treasury. This "theft" arguably creates a two-tier pricing

structure that punishes honest domestic businesses while undermining the public's confidence in the rule of law.[10]

2. **Public Safety**: DOJ views the tactics used to evade duties as the same tactics frequently used to bypass health and safety inspection as well as certification requirements. These deceptive tactics risk the introduction of unsafe goods to the U.S. consuming public.[11]
3. **Human Dignity**: DOJ and DHS describe a moral and strategic imperative to keep supply chains free of forced labor. They note that goods produced under exploitative conditions enter U.S. markets with unfairly low costs that harm domestic industry and workers.[12]

These factors contributed to the decision to permanently house the Task Force within DOJ's National Fraud Enforcement Division. Within that Division, the newly created Global Trade and Commerce Enforcement Section (GTCES) serves as the "specialized litigating component responsible for investigating and prosecuting criminal customs fraud, external revenue evasion, international supply chain forced labor offenses, and related trade crimes."[13] Assistant Attorney General Colin McDonald described GTCES as "the department's front door for criminal trade and customs fraud enforcement."[14]

Assistant Attorney General McDonald described the Resource Guide saying, "This guide puts our cards on the table."[15] The Resource Guide also maps out the allocation of tasks and resources across federal enforcement agencies:

1. **CBP** holds administrative authority under Section 592 (19 U.S.C. § 1592) and Section 1595a(b), enabling recovery of evaded duties plus penalties scaled to the level of culpability (negligence, gross negligence or fraud), through pre-penalty and penalty notices. CBP can now apply Section 592 to non-revenue violations.[16]
2. **Homeland Security Investigations (HSI)** Special Agents are designated "customs officers" under 19 U.S.C. § 1401(i) with criminal investigative authority under 19 U.S.C. § 1589a. HSI investigates willfully noncompliant importers, customs brokers and down-chain actors focusing on imports involving false statements.[17]
3. **GTCES** is positioned as "DOJ's centralized litigation arm, coordinating interagency trade enforcement operations and prosecuting criminal customs fraud, external revenue evasion, international supply chain forced labor offenses, and related trade crimes."[18]
4. **The Forced Labor Enforcement Task Force ("FLETF")** has expanded its high-priority enforcement sectors from the original four sectors (apparel, cotton, silica-based products/polysilicon, tomatoes) to 12. The new sectors are: "apparel, cotton, silica-based products, tomatoes, aluminum, polyvinyl chloride (PVC), seafood, steel, copper, lithium, caustic soda, and jujubes (red dates)."[19]

### Client Implications

All manner of customs violations may now be susceptible to increased enforcement by the Task Force in addition to historic approaches from CBP and HSI, which remain available. Information sharing between DHS and DOJ and the creation of GTCES will further facilitate these investigations and the potential for criminal prosecutions. Competitors and the general public also have a role to play as DOJ, CBP and a host of other federal agencies continue to encourage whistleblower reporting including through the Criminal Division's Corporate Whistleblower Program.[20] DOJ also recognizes 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 for which those individuals can receive a portion of the government's recovery if the action is successful.[21]

The Task Force and its development over the last year signal that DOJ continues to focus its efforts on preventing fraud. Every importer of record remains responsible for its own compliance with the law. Every competitor or customer of a company engaged in nefarious practices continues to have the opportunity to raise whistleblower complaints with DOJ. If historic non-compliance is identified by a company, DOJ voluntary self-disclosures and CBP prior disclosures remain available. Assistant Attorney General McDonald stated at the July 2026 press conference that "companies that voluntarily self-disclose, cooperate and remediate can secure a declination."[22] However, the Resource Guide states clearly: "The era when a company can claim ignorance of its upstream partners' activities is over."[23] Companies must take a proactive approach to compliance by implementing risk-appropriate tools, conducting due diligence supply chain on counterparties, and as always, avoiding willful blindness to potential missteps or red flags. DOJ "will look closely at whether the failure was a result of negligence, reckless disregard, willful blindness to signs of fraud, or intentional criminality." The Resource Guide serves as a valuable tool for understanding and addressing DOJ's heightened enforcement expectations.

**The creation of the GTCES as a centralized litigation arm of the DOJ's Trade Fraud Task Force, the continuous public reporting of investigative wins, and the production of a Resource Guide mark further 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.**

** With contribution from Arselan Rekhif, a summer associate at Benesch from University of Akron School of Law.*

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[1] *Id.*; Exec. Order No. 14243: Stopping Waste, Fraud, and Abuse by Eliminating Information Silos, 90 Fed. Reg. 13681 (Mar. 25, 2025).

[2] Marisa T. Darden, et al, *DOJ's New Trade Fraud Task Force Raises Criminal Exposure for Importers*, Benesch (Sept. 17, 2025), DOJ's New Trade Fraud Task Force Raises Criminal Exposure for Importers | Benesch Law

[3] Dylan Moroses, *US Trade Fraud Task Force Recovers Over $1B In 10 Months*, Law360 (Jul 14, 2026), US Trade Fraud Task Force Recovers Over $1B In 10 Months - Law360.

[4] *Id.*

[5] *Id.*

[6] *Id.*

[7] *Id.*

[8] *Foreword* to A Resource Guide to Trade Enforcement By the Trade Fraud Task Force, available at: A Resource Guide to Trade Fraud Enforcement, July 2026.

[9] *Id*, at 1.

[10] *Id.*

[11] *Id.*

[12] *Id.*

[13] *Id*, at 11.

[14] Moroses, *supra* note 4.

[15] Moroses, *supra* note 4.

[16] Resource Guide to Trade Enforcement, *supra* note 8, at 17.

[17] *Id*, at 11.

[18] *Id.*.

[19] *Id.* at 16-17.

[20] Shaneeda Jaffer & Matthew P. Farrell, *Department of Justice Announces New Whistleblower Rewards Program*, Benesch (Mar. 20, 2024), Department Of Justice Announces New Whistleblower Rewards Program | Benesch Law.

[21] U.S. Dep't of Justice, *The False Claims Act*, U.S. Dep't Justice (Jan. 15, 2025), Civil Division | The False Claims Act*.*

[22] Moroses, *supra* note 4.

[23] Resource Guide to Trade Enforcement*,* *supra* note 8, at 2.