

## How Trade Fraud Task Force Launch Furthers Policy Goals

By **Amanda Robinson, Katelyn Hilferty and Casey Weaver** (September 26, 2025, 6:14 PM EDT)

This summer, the U.S. Department of Justice announced the formation of a cross-agency Trade Fraud Task Force that will specialize in tariff-related investigations. The DOJ positioned the new task force as an extension of the "America First" trade policy, which outlines the administration's strategy for leveraging tariffs to strengthen domestic industries, reduce reliance on foreign manufacturing, and address perceived national security threats.

Over the last few months, government agencies have been increasing their collaboration on international trade enforcement, and the recent announcement represents the U.S. administration's latest commitment to support the "America First" trade agenda.

The Aug. 29 announcement said the task force will "leverage expertise" from members of the DOJ's Civil and Criminal Divisions, and the U.S. Department of Homeland Security to pursue enforcement actions against parties seeking to evade tariffs and smugglers seeking to import prohibited goods into the U.S.

The announcement further indicated that the DOJ is committed to "pursuing those who violate customs laws through duty and penalty collection actions under the Tariff Act of 1930, actions under the False Claims Act, and, wherever appropriate, parallel criminal prosecutions, penalties, and seizures under Title 18's trade fraud and conspiracy provisions."

This announcement is the latest in a recent trend of customs-related enforcement actions by the DOJ.

### Recent DOJ Enforcement Efforts

In February, the DOJ identified tariff evasion as a main area for enforcement, and emphasized that the False Claims Act would remain key to the government's efforts to combat fraud and abuse.

While the FCA is typically viewed as a statute affecting government contractors and those in the healthcare industry, it has increasingly been used against importers for alleged customs violations, often relating to allegations that they have undervalued, misclassified or misrepresented the country of origin



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of an imported product to reduce or eliminate duties and tariffs owed to the U.S. government.

FCA cases based on alleged violations of customs laws are brought under FCA Section 3729(a)(1)(G), also known as the reverse false claims provision. This provision concerns someone who "knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the government."

Importantly, the government does not have to show specific intent to defraud to establish that conduct was done knowingly. That an importer acted with willful ignorance or reckless disregard of the truth or falsity of the information is sufficient.

Importers of record must act with reasonable care in importing merchandise, which means that the importer must make a good faith effort to ensure that all information provided to U.S. Customs and Border Protection is accurate and complete. Reasonable care further requires that an importer have systems or processes in place to confirm that the information provided is verifiable and auditable.

The FCA allows whistleblowers, known as qui tam relators, to file and litigate alleged FCA violations on behalf of the U.S. Historically, whistleblowers have been current and former employees, but relators have started to include competitors, including with respect to customs-based FCA claims.

Since March, the DOJ's Civil Division has reached several civil settlements on FCA matters arising from whistleblower complaints relating to customs evasion. These settlements are in the millions.

On Aug. 19, for example, Allied Stone Inc., a supplier of countertop and cabinetry products, and its president **agreed** to pay a total of \$12.4 million to resolve allegations that they had violated the FCA by, among other things, misrepresenting its products as marble or crystallized glass — merchandise that is subject to lesser duties.

On July 16, the government intervened in a qui tam FCA case, U.S. ex rel Joyce v. Global Office Furniture LLC, involving allegations that Global Office Furniture undervalued its imports to avoid tariff obligations. The complaint alleges that Global Office Furniture used a double invoicing scheme to declare a value to CBP that reduced its tariff bill to half of what would have been owed under the invoice reflecting the true value of the imported merchandise.

Earlier settlements include a March 26 agreement to pay \$8.1 million in an FCA suit captioned U.S. ex rel. Urban Global LLC v. Struxtur Inc., which resolved allegations that the importer Evolutions Flooring Inc. evaded antidumping, countervailing and Section 301 duties on multilayered wood floor manufactured in China by misrepresenting its country of origin.

And on July 24, in U.S. ex rel. Wisner v. Grosfillex Inc, furniture manufacturer Grosfillex agreed pay \$4.9 Million to resolve allegations that it falsely packaged furniture parts as kits to avoid antidumping and countervailing duties on extruded aluminum.

Elsewhere, the DOJ has indicated support for whistleblowers giving light to trade, tariff and customs fraud by corporations.

On May 12, the Criminal Division amended its Corporate Whistleblower Awards Pilot Program to reflect this sentiment. And, in announcing the joint fraud enforcement task force, the DOJ encouraged whistleblowers to contact the pilot program to report fraud.

Following the creation of the task force, we expect to see future collaboration between the Criminal and Civil Divisions on trade-related FCA cases.

Finally, on July 10, the DOJ announced its Criminal Division would supplement its legal bench with resources from the DOJ's Consumer Protection Branch to focus on tariff avoidance and evasion schemes.

Companies and individuals should be aware that more tariff and customs fraud cases are likely on the way, with enforcement in both the criminal and civil contexts.

### **Tariff Mitigation and Correcting Missteps**

Many importers have reevaluated their imports, reviewing classifications on the Harmonized Tariff Schedule of the United States, including the availability of secondary classification in Chapter 98 of the tariff schedule, and the declared value of imported merchandise including permissible statutory exclusions. Others have considered alternative sourcing or have adjusted certain manufacturing operations, prompting review of the appropriate country of origin.

The rapid nature of the tariff announcements and consideration of technical regulatory schemes can leave importers with a level of uncertainty about whether they are doing things right.

There are methods for legitimately and compliantly reducing tariff obligations, though navigating the regulatory landscape can be daunting, particularly for those considering these concepts for the first time. Trade consultants can offer guidance based on expertise and experience, and CBP conducts a binding ruling program that allows importers to confirm whether a contemplated action is appropriate under the customs regulations.

With heightened scrutiny, increased whistleblower activity and dedicated enforcement efforts to combat tariff evasion, importers would benefit from robust internal compliance procedures to prevent and detect noncompliance. Inaccurate or incomplete information concerning an entry may be addressed by a post-summary correction or protest within certain statutory time frames.

If those time frames have expired, importers may disclose potential violations. Note that customs enforcement and FCA cases can proceed in parallel, increasing the risks for violators. It is likely prudent for importers submitting disclosures to CBP to consider also submitting a voluntary self-disclosure to the DOJ.

Importers that affirmatively disclose potential violations may benefit from reduced penalties, more favorable settlement terms and recognition of their good faith compliance efforts.

### **Key Takeaways**

As the U.S. tariff strategy continues to evolve, we expect to see increased enforcement efforts through cross-agency collaborations like the trade fraud task force. The task force is the clearest signal to date that the U.S. administration is committed to forging new agency relationships to pursue trade enforcement and further the "America First" trade agenda.

In the face of increased trade enforcement, companies would be well advised to review their internal compliance practices and audit their supply chain to ensure proper diligence. The public announcement

of the trade fraud task force encourages importers to conduct thorough audits of their import practices and submit prior disclosures where merited.

Such audits could prioritize the three main import elements that determine tariff liability: proper classification in the Harmonized Tariff Schedule, determination of the correct country of origin of the imported good, and accurate valuation for customs purposes.

Companies should work with their licensed customs broker to ensure that they are accurately reporting their import data to CBP in compliance with legal requirements, and apply for rulings from CBP as needed to confirm internal determinations.

Moreover, while the task force and CBP have targeted evasion of tariffs and other duties as a priority, the administration has also messaged its focus on preventing the importation of prohibited goods into the American economy.

Recently, DHS added new high-priority sectors for enforcement under the Uyghur Forced Labor Prevention Act, which restricts goods made with forced labor from entering the United States. These additions signal a renewed focus on the UFLPA and forced labor prevention, which had taken a back seat in recent months.

In light of this development, companies may also want to renew their UFLPA and forced labor diligence efforts, such as supply chain tracing, foreign supplier audits and rigorous screening against the UFLPA Entity List.

As the U.S. administration prioritizes robust enforcement of U.S. customs laws and import requirements, companies should similarly prioritize compliance efforts by reviewing their import processes and confirming that they are making accurate representations to CBP.

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