

Perfectus Settlement Illuminates DOJ's Tariff Fraud Strategy

By **Mike Huneke, Amanda Robinson and Casey Weaver** (June 4, 2026, 5:51 PM EDT)

On May 12, the U.S. Department of Justice announced a significant False Claims Act settlement that underscores the government's continued interagency focus on customs fraud, tariff evasion and cross-agency trade enforcement.

Under the settlement, California-based Perfectus Aluminum Inc., Perfectus Aluminum Acquisitions LLC and four affiliated warehousing companies agreed to pay nearly \$5.5 million to resolve allegations that they knowingly evaded antidumping and countervailing duties on aluminum extrusions imported from China.

The action reflects coordinated enforcement efforts among the DOJ's Civil Division, U.S. Customs and Border Protection and the DOJ's Trade Fraud Task Force, and reinforces that tariff evasion and customs fraud remain key enforcement priorities for the current administration.

Alleged Scheme

The settlement resolves civil allegations that, between 2011 and 2014, the Perfectus defendants improperly avoided antidumping and countervailing duties on more than 2.2 million aluminum extrusions imported from China. In 2011, the U.S. Department of Commerce issued antidumping and countervailing duty orders on aluminum extrusions from China. The orders exempted certain finished merchandise from the applicable duties.

According to the DOJ, the defendants falsely represented aluminum extrusions as finished merchandise not subject to the 2011 antidumping and countervailing duty orders, and "knowingly made, and caused others to make, false statements on Customs Form 7501 Entry Summaries that were material to obligations to pay duties owed to CBP on extruded aluminum."

The settlement follows related criminal proceedings in *U.S. v. Perfectus Aluminum Inc.*, which arose from the same conduct.

In August 2021, in *U.S.A. v. Zhongtian Liu*, a jury in the U.S. District Court for the Central District of California convicted the defendants of conspiracy to commit an offense against or defraud the U.S. and related offenses. In 2022, following the convictions, the court authorized the government to seize



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279,808 aluminum pallet structures and ordered the defendants to pay \$1.8 billion in restitution to CBP.

The civil settlement also resolves U.S. ex rel. Rapport v. PengCheng Aluminum Enterprise Inc., three qui tam relator actions filed in the Central District of California between 2015 and 2018, and consolidated in December 2025. As part of the resolution, the relators will receive 17.5% of the settlement — roughly \$96 million.

Although the relators' complaint remains under seal, the related criminal indictment provides insight into the types of conduct the DOJ may view as indicators of tariff evasion, including allegations that:

- Extrusions were tack-welded into pallet shapes and imported "as purportedly finished merchandise" exempt from the 2011 antidumping and countervailing duty orders;
- The defendants used three test shipments before substantially increasing shipment volume. Between June 30, 2011, and July 21, 2011, the defendants caused brokers to submit Forms 7501 for the importation of up to 1,530 aluminum pallets that "falsely claimed" the pallets were not subject to applicable duties. Thereafter, the defendants were alleged to have caused brokers to submit a total of 18 such forms containing misrepresentations;
- Shell companies were allegedly used to obscure the Chinese origin of the aluminum products;
- Shipment volumes increased dramatically between September 2011 and June 2014, eventually reaching more than 16,000 aluminum pallets in a single shipment;
- Prior to the 2011 antidumping and countervailing duty orders, the defendants had not imported aluminum extrusions in pallet form. While the defendants publicly maintained that exports to the U.S. had increased in response to market demand, "there were no customers for these pallets; and
- The defendants allegedly stockpiled imported pallets in warehouses specifically purchased for the purpose.

Taken together, the criminal allegations reflect several indicators the DOJ and CBP may associate with tariff evasion schemes, including sudden shifts in import patterns, questionable product classifications and inventory accumulation that is unsupported by commercial demand.

The whistleblower aspect of this case also highlights the interconnectedness of supply chains when it comes to customs compliance. Employees, competitors, customs brokers, freight forwarders or other logistics providers, warehouse operators and other partners have visibility into operations and — now more than ever — incentive to report.

Significance of Task Force Involvement

The settlement further demonstrates that tariff enforcement now sits squarely within the DOJ's broader antifraud enforcement framework. Customs compliance is something to be taken seriously, as the government is signaling that tariff evasion, origin manipulation, deceptive valuation, gamesmanship in applying antidumping and countervailing duty orders, and false assertions of transformation are akin to financial misconduct and procurement fraud when it comes to enforcement.

The DOJ's press release specifically referenced both its cross-agency Trade Fraud Task Force and the

administration's Task Force to Eliminate Fraud, stating that the resolution was consistent with the goals of the latter initiative.

The DOJ launched the Trade Fraud Task Force in August 2025 to coordinate tariff-related investigations. At the same time, the DOJ emphasized the importance of whistleblower reporting and signaled increased support for FCA whistleblowers giving light to trade, tariff and customs fraud by corporations.

Separately, the Task Force to Eliminate Fraud — established by executive order in March — directed agencies to strengthen antifraud coordination across federal programs administered through state and local partners. Although broader in scope, the initiative reflects the administration's continued emphasis on civil fraud enforcement tools, including the FCA.

Takeaways

This settlement provides another clear indication that DOJ intends to continue using the FCA aggressively in the customs and tariff fraud context, and that trade-related enforcement will remain coordinated across agencies.

Tariff evasion and customs fraud remain high-priority enforcement areas for the DOJ and CBP, and are being highlighted as in alignment with DOJ's new Task Force to Eliminate Fraud. The DOJ continues to strengthen cross-agency partnerships in trade fraud investigations, including through specialized task forces focused on customs and tariff enforcement.

Companies face overlapping civil, administrative and criminal exposure arising from alleged tariff noncompliance. The DOJ appears willing to leverage existing criminal investigations and prior enforcement actions to support parallel or follow-on FCA cases.

The substantial relator recovery in this matter reinforces the significant financial incentives for whistleblowers to report suspected customs and tariff misconduct. The DOJ frames tariff evasion as analogous to procurement and financial fraud; to the extent they do not do so already, companies may benefit from elevating customs compliance beyond operational teams and incorporating it into enterprise risk management, internal audit and whistleblower-response frameworks.

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