New Trade Fraud Task Force seizes over US$1 billion: DOJ signals shift to more aggressive trade enforcement

July 2026

On July 14, 2026, the Department of Justice (DOJ) announced that the Trade Fraud Task Force (TFTF), a joint effort with the Department of Homeland Security (DHS) launched in August 2025, had surpassed US$1 billion in civil and criminal recoveries, penalties and forfeitures (the "Press Release").

This milestone was framed as "reflect[ing] a fundamental shift in the federal government's approach to customs and trade enforcement, emphasizing rigorous criminal prosecution and civil enforcement under the False Claims Act (FCA)." According to Assistant Attorney General Colin McDonald of the DOJ's National Fraud Enforcement Division: "[f]or too long, fraud actors have viewed customs violations as a mere surcharge or cost of doing business… By utilizing the [DOJ]'s full weight, we are making it clear that trade fraud is a serious economic crime…This message should be heard loud and clear by all supply-chain actors."

Consistent with this ominous warning, the DOJ announced the creation of a new trade enforcement unit –the Global Trade & Commerce Enforcement Section (GTCES) within the DOJ's National Fraud Enforcement Division. The GTCES's mission is to investigate and prosecute:

- Criminal customs fraud
- And other trade fraud offenses that:
  - Undermine American industries and competitiveness
  - Evade revenue protection
  - Threaten consumers' health and safety
  - Finance foreign adversaries
  - Violate US laws governing unfair trade practices harming US industries, such as through antidumping (AD) and countervailing duty (CVD) fraud.

At the same time, the DOJ and DHS published the first comprehensive US government statement on customs and trade fraud enforcement – "A Resource Guide to Trade Fraud Enforcement" (the "Guide"). The Guide outlines the relevant legal definitions and statutory requirements for each enforcement area, and highlights enforcement approaches by the DHS and DOJ with examples from prior enforcement actions. The Guide focuses on compliance and enforcement of special tariff programs now to be enforced by US Customs and Border Protection (CBP), the US Department of Commerce (DOC) and Office of the US Trade Representative (e.g., Sections 122, 232, 202, 301 and AD/CVD duties). These developments confirm a deliberate shift away from treating customs violations as administrative matters resolved through duty recovery and penalty notices, and toward criminal prosecution and civil enforcement.

The TFTF

The TFTF was established by the DOJ and DHS to investigate and prosecute fraud on the US government through material misrepresentations to CBP, including transshipment, mislabeling and false declaration.

- Composition – The TFTF is staffed from the DOJ's National Fraud Enforcement Division, Criminal Division, Civil Division and Environment and Natural Resources Division, as well as from the DHS's US Immigration and Customs Enforcement's Homeland Security Investigations (HSI) and CBP. 35 US Attorney's Offices are named as "masthead" offices, and the US Attorney's Office for the Northern District of Illinois (NDIL) has been selected as lead prosecutorial partner.
- Agency partners – The CBP, HSI, Internal Revenue Service Criminal Investigation, the Environmental Protection Agency's Criminal Investigation Division, the US Fish and Wildlife Service, the Consumer Product Safety Commission and the Food and Drug Administration.
- New litigating component – The GTCES is the specialized DOJ section responsible for prosecuting criminal customs fraud, external revenue evasion, international supply chain forced labor offenses and related trade crimes, which now serves as DOJ's central coordinator for interagency trade enforcement.

- Scope of the mandate – TFTF's mandate covers fraud across the supply chain, including importers, licensed customs brokers, downstream distributors, industrial and commercial end users and other parties that knowingly profit from merchandise imported contrary to law.
- Enforcement Priorities:
  - Evasion of Section 301 tariffs, and of AD and CVD
  - Eradication of forced labor from global supply chains, including enforcement under Section 307 of the Tariff Act of 1930 and the Uyghur Forced Labor Prevention Act (UFLPA)
  - Criminal violations concerning imported goods that threaten public health and safety

Enforcement mechanisms

The Guide explains that enforcement will rely on the customs entry process, the obligations of importers and brokers, as well as the civil and criminal consequences when goods enter or move contrary to law. These authorities are not new, but the Guide highlights how readily they overlap, and the TFTF's charging record shows that investigators and prosecutors are prepared to use them in combination, and to use tools that importers may not typically associate with customs enforcement. For example, customs violations can serve as Racketeer Influenced and Corrupt Organizations Act (RICO) and money laundering predicates. Violations of health, safety and environmental statutes, including the Food, Drug and Cosmetic Act, the Consumer Product Safety Act and the Lacey Act, can be prosecuted independently and also supply the "contrary to law" predicate for smuggling. For public companies, a customs violation can also implicate books-and-records and disclosure obligations under the federal securities laws.

Practical implications

- Criminal and civil enforcement now runs alongside CBP penalties – Administrative enforcement continues at scale. The DOJ reported that CBP has assessed more than US$2.1 billion in commercial trade penalties this fiscal year and debarred 35 parties from federal contracting. The same conduct is now more likely to lead to criminal and civil enforcement actions.
- The Guide puts companies on notice as to supply chain oversight – Liability for a customs violation does not always require criminal intent, but can be based on negligence and reckless disregard. The Guide emphasizes that companies can no longer claim ignorance of their suppliers' conduct and failure to examine red flags may be treated as evidence of willful blindness.
- Enforcement is not confined to the stated priorities – The Press Release announced that the US Attorney's Office for NDIL charged principals of two gold jewelry importers with falsely declaring origin as Singapore, Oman or the United Arab Emirates, thereby allowing the importers to avoid roughly US$38 million and US$13.6 million in duties. Neither matter involves Section 301 tariffs, AD/CVD, forced labor or product safety. Ordinary origin fraud, at ordinary duty rates, is being charged criminally.
- The DOJ is inviting FCA whistleblowers – The DOJ used the Press Release to expressly solicit FCA filings and submissions to its Corporate Whistleblower Program. Given the FCA's role in the largest recoveries to date, employees and competitors are a key source of future investigations and enforcement actions. The FCA can be used in parallel, or in lieu of traditional customs fraud penalty actions under 19 U.S.C. § 1592 and has advantages, such as that cases are brought in US federal district courts rather than the US Court of International Trade and can result in treble damages. Furthermore, the elements of an FCA action closely line up with traditional criminal fraud statutes often used in a customs context, such as 18 U.S.C. 542 and 545, enabling the government to leverage a corollary criminal case to obtain a global plea agreement that resolves both criminal culpability and civil liability. The key to many such fraud cases is a cooperator employee, so it is not a surprise that DOJ is sweetening the pot for those who may have direct evidence of fraud to come forward and be compensated for this information.

Precedents

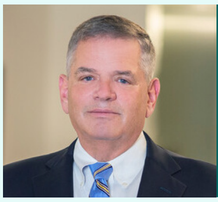
The DOJ used the Press Release to underscore the Task Force's nationwide mandate to investigate and prosecute trade fraud and related cases, both expressly and through the resolutions it profiled alongside the milestone. Those matters span a deliberately wide range of industries and legal theories.

- Perfectus Aluminum (May 12, 2026) – The largest settlement resulted from an HSI-led criminal investigation into Perfectus Aluminum, which produced a US$549.5 million FCA settlement over a scheme to evade antidumping and countervailing duties on aluminum extrusions.
- Ceratizit USA (December 18, 2025) – Ceratizit USA paid US$54 million to resolve FCA allegations that it knowingly failed to pay duties on tungsten carbide products imported from China.
- Boise Cascade (April 27, 2026) – Others reached beyond duty evasion. For example, Boise Cascade pled guilty to a Lacey Act violation and paid a US$6.3 million fine after demonstrating willful blindness toward illegally imported birch plywood.
- Royal Sovereign (April 28, 2026) – Royal Sovereign was ordered to pay an US$8 million criminal fine and restitution for failing to report to the Consumer Product Safety Commission defective imported air conditioners linked to more than 40 fires and one death.

Taken together, these precedents exemplify that any offense involving the importation of an object may be prosecuted. In fact, one of the most telling signs of this new and rigorous focus on importations and steadfast customs enforcement is the first substantive chapter in the Resource Guide, which is titled "The Customs Entry Process."

If you have any questions about the TFTF, the Guide or related trade fraud exposure, please contact a member of the International Trade & Foreign Investment team.

Contacts



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