

Articles + Publications | January 30, 2026

DOJ Turns Up the Heat on Tariff Evasion: FCA, Trade Fraud, and What Importers Need to Know

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In 2025, the U.S. Department of Justice (DOJ) made clear that tariff evasion and customs fraud now sit firmly within the core of False Claims Act (FCA) enforcement. The FCA is not only the government's primary tool to combat fraud but also the most lucrative — in fiscal year 2025, for example, FCA settlements and judgments [exceeded \\$6.8 billion](#) — the highest annual total in the statute's history.

Recently, the DOJ has clearly positioned “improper avoidance of tariffs and customs duties” as a priority enforcement area under the FCA. As settlements in the summer of 2025 [demonstrated](#), international trade compliance is now an even more significant risk for importers and companies with global supply chains. The DOJ's actions in 2025 have solidified a clear pattern of using the FCA to police customs compliance. Below we discuss the DOJ's FCA enforcement of tariff evasion and customs fraud in 2025, and what companies should be considering as they evaluate their trade compliance programs in 2026.

The False Claims Act

The FCA serves as the primary mechanism for the government to recover losses associated with false or fraudulent claims for payment. The FCA, codified at 31 U.S.C. § 3729 et seq., imposes civil liability on individuals or entities that knowingly submit, or cause to be submitted, false claims for payment to the federal government. The statute authorizes recovery of treble damages and per-claim penalties, and it allows whistleblowers (through its *qui tam* provisions) to bring cases on the government's behalf and share in any recovery.

DOJ Ramps Up FCA Enforcement on Tariff Evasion and Customs Fraud in 2025

In May 2025, the DOJ signaled that it would prioritize enforcement of international trade and customs fraud, including tariff evasion, in its [memorandum](#) titled “Focus, Fairness, and Efficiency in the Fight Against White-Collar Crime.” In line with its enforcement priorities, the DOJ announced a series of FCA actions in July 2025 targeting customs fraud:

- On July 16, 2025, the DOJ filed an FCA [complaint](#) against Global Office Furniture LLC, based in South Carolina, alleging that the company coordinated with a Chinese manufacturer to underpay customs duties owed on office chairs imported from the People's Republic of China (PRC).
- On July 23, 2025, the DOJ [announced](#) a \$6.8 million settlement with subsidiaries of MGI International LLC — Global Plastics LLC and Marco Polo International LLC — to resolve civil liability under the FCA for knowingly failing to pay customs duties on plastic resin imported from the PRC.
- The next day, on July 24, 2025, the DOJ [announced](#) a \$4.9 million FCA settlement with Grosfillex Inc., a patio

furniture company. The DOJ alleged that Grosfillex evaded antidumping/countervailing (AD/CVD) duties on extruded aluminum from the PRC by submitting false customs forms that mischaracterized certain aluminum furniture components as not subject to AD/CVD.

Shortly thereafter, the DOJ announced the creation of a cross-agency [Trade Fraud Task Force](#) in partnership with Customs and Border Protection (CBP) and Homeland Security Investigations (HSI). Through the Trade Fraud Task Force, the DOJ made clear its aggressive pursuit of tariff evasion and customs underpayments as fraud on the U.S. and its plan to use every available tool — civil, criminal, and whistleblower incentives — to pursue it.

As a result of coordination through the Trade Fraud Task Force, the DOJ [announced](#) on December 18, 2025, that it resolved a criminal trade fraud investigation into MGI International LLC and its subsidiaries related to the same conduct that resulted in the civil FCA settlement in July. The DOJ declined to prosecute MGI under the Criminal Division's Corporate Enforcement and Voluntary Self-Disclosure Policy and credited the earlier \$6.8 million FCA payment, citing MGI's timely self-disclosure, full cooperation, and extensive remediation. At the same time, MGI's former chief operating officer, David Guimond, agreed to plead guilty to conspiracy to smuggle goods based on his 2021 instructions to subordinates to misrepresent manufacturer and country of origin in customs filings to avoid Section 301 tariffs.

That same day, the DOJ [announced](#) a \$54.4 million FCA settlement with Ceratizit USA LLC, a distributor of tungsten carbide products, to resolve a *qui tam* complaint alleging that Ceratizit routed Chinese-origin products through Taiwan and falsely declared Taiwan as the country of origin to avoid Section 301 tariffs. The DOJ also alleged that, from June 2015 through March 2024, the company knowingly misclassified products under incorrect tariff codes and failed to pay marking duties on unmarked goods.

Both the MGI International and Ceratizit settlements were coordinated through the Trade Fraud Task Force and illustrate the DOJ's active pursuit of tariff evasion and customs fraud via cross-agency cooperation. Additionally, the Grosfillex and Ceratizit settlements highlight the increasing role and importance of whistleblowers, who are entitled to a portion of the government's recoveries, in successful international trade enforcement efforts.

What This Means for Importers and Multinational Companies

With the federal government's implementation of new tariffs and the DOJ's focus on pursuing customs enforcement, it is imperative that companies that import goods, particularly from China and other countries facing increased tariffs, implement effective compliance programs. Below are some trends to expect in 2026:

- **Expect trade compliance to be treated as a civil fraud risk.** Historically, trade fraud has been enforced by CBP through administrative penalties or by the DOJ via criminal import/export statutes. The DOJ now treats misclassification, undervaluation, origin masking, and AD/CVD or Section 301 evasion as potential FCA conduct, with treble damages and penalties on the table.
- **Expect a rise in *qui tam* FCA complaints.** Employees, competitors, and industry insiders are bringing *qui tam* FCA complaints and receiving substantial awards. Weak internal reporting channels can increase the risk that concerns go straight to the DOJ.
- **Assume civil and criminal teams are working together.** The Trade Fraud Task Force coordinates the DOJ's Civil and Criminal Divisions with CBP and HSI, increasing the likelihood that a customs issue will trigger parallel FCA and criminal exposure.

Against that backdrop, companies should focus on a few practical steps to manage this evolving FCA and trade?fraud risk:

- **Revisit trade compliance programs.** Companies that rely on complex supply chains, especially involving Chinese-origin goods or AD/CVD exposure, should prioritize customs audits, strengthen internal reporting channels, and review country-of-origin certifications, especially for goods sourced from high-risk jurisdictions.
- **Leverage self?disclosure and remediation where appropriate.** If you have credible evidence of a potential tariff or customs violation, consider whether self-disclosure to the DOJ is appropriate. The MGI settlement shows that the DOJ is open to rewarding prompt disclosure, cooperation, and concrete compliance enhancements, including through reduced penalties and, in some cases, declinations.

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