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With New Tariffs, Recent Settlements May Foreshadow Future DOJ Enforcement

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The Trump administration's implementation of tariffs on August 7, 2025, will have profound implications for companies engaged in international supply chains. These tariffs are poised to increase business costs, affecting a wide range of industries reliant on global trade. However, the financial impact is not the only concern for businesses. With the Department of Justice (DOJ) intensifying its focus on enforcement actions related to international trade compliance, companies that attempt to evade these tariffs or fail to establish robust compliance policies and procedures may find themselves among the DOJ's targets.

The DOJ's heightened scrutiny is underscored by two recent settlements, which may offer insights into future enforcement trends. These settlements highlight the critical importance of compliance and transparency in navigating international trade under the current administration's policies. As businesses adapt to these changes, the need for effective compliance programs becomes increasingly imperative to mitigate risks and avoid potential legal repercussions.

On July 23, 2025, the DOJ announced a $6.8 million settlement with Global Plastics LLC, based in Manchester, NH, and Marco Polo International LLC, based in Melville, NY. Both companies are subsidiaries of MGI International LLC. The settlement resolves civil liability under the False Claims Act for knowingly failing to pay customs duties on plastic resin imported from the People's Republic of China (PRC).

The allegations against Global Plastics and Marco Polo centered on their failure to declare the correct country of origin and value for certain plastic resin entries, resulting in unpaid duties. Beginning in May 2019, these companies did not accurately report the origin and value of the imported goods, leading to a significant shortfall in customs duties owed to U.S. Customs and Border Protection (CBP). In 2024, MGI and its subsidiaries voluntarily disclosed these discrepancies to CBP and the U.S. Attorney's Office for the District of New Hampshire.

The DOJ acknowledged MGI's cooperation, which included making a timely voluntary self-disclosure, conducting a thorough internal investigation, and implementing remedial actions such as disciplining personnel and enhancing compliance procedures. As a result, MGI received credit for its proactive measures, leading to a lower monetary settlement under the department's guidelines.

On July 24, 2025, the DOJ announced a $4.9 million settlement with Grosfillex Inc., a patio furniture company located in Pennsylvania. This settlement addresses allegations of evading antidumping and countervailing duties (AD/CVD) on extruded aluminum items from the PRC.

The DOJ alleged that Grosfillex submitted false customs forms to CBP, claiming that certain aluminum furniture parts were not subject to AD/CVD. The Department of Commerce assesses, and CBP collects, these duties to protect domestic producers from unfair trade practices. Grosfillex allegedly attempted to camouflage aluminum extrusions by packaging them as sham furniture “kits” and knowingly failed to correct customs forms that falsely stated certain parts were not subject to AD/CVD, even after learning of the inaccuracies.

This settlement arose from a whistleblower lawsuit filed under the False Claims Act by a former employee of Grosfillex. The DOJ reiterated its commitment to enforcing trade laws and protecting domestic industries from unfair practices, emphasizing that it will actively pursue those who knowingly fail to pay customs duties.

Key Takeaways

With the Trump administration’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.

An effective compliance program that addresses risks associated with customs duties should ensure not only that written policies are in place but that companies implement them. Companies generally should train their employees on import compliance, monitor their supply chains, closely examine key contracts with suppliers, implement detailed recordkeeping, and test and audit their trade compliance processes and documentation.

Companies must also recognize the benefits of early detection and potential self-disclosures of violations. For MGI, the DOJ emphasized that the company’s timely and voluntary self-disclosure of the violations, combined with a thorough internal investigation and the implementation of remedial measures, constituted important mitigating action that provided MGI with relief from a more serious penalty. While businesses must make self-disclosure decisions on a case-by-case basis, any company that discovers customs violations in its business should conduct a thorough internal investigation to determine the extent of the violations and implement appropriate remedial measures.

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