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DOJ Targets Foreign Companies in Large-Scale Duty and Tariff Fraud

Last month, the U.S. Department of Justice (DOJ) charged an Indonesian jewelry company, its Indonesian owner and two foreign employees with one count of wire fraud conspiracy. Specifically, the government alleges that the defendants imported over $1.2 billion worth of jewelry into the U.S., by (i) routing Indonesian-made jewelry through Jordan and falsely claiming that it was made in Jordan; and (ii) sending U.S. scrap gold to Jordan and falsely claiming that the jewelry was U.S.-made and merely required finishing there. The government further alleges that in total, from 2021 to October 2025, the defendants evaded more than $86 million in duties and tariffs through these schemes. Notably, although the defendants are all foreign, the DOJ asserted jurisdiction and venue by alleging that they imported jewelry to the U.S., including into New Jersey (where this case is being prosecuted) and communicated using emails and encrypted messaging applications.[1]

According to the DOJ, this was a sophisticated scheme involving falsified country-of-origin documentation, and deliberate tactics to exploit and misuse countries with preferable Free Trade Agreements with the U.S. The investigation was jointly conducted by the IRS-Criminal Investigation (IRS-CI), Homeland Security Investigations (HSI), and U.S. Customs and Border Protection (CPB).

Criminal enforcement is not the only tool the DOJ is using to enforce customs violations –the DOJ is also relying on civil claims under statutes like the False Claims Act (FCA). In July, the DOJ reached two back-to-back civil settlements with domestic manufacturers for customs violations on imports from China. In the first case, two domestic subsidiaries of a global distributor voluntarily disclosed that they falsified country of origin and valuation documents and failed to pay required duties on imported goods. The subsidiaries agreed to a $6.8 million civil settlement with the DOJ to resolve claims arising under the FCA and the Tariff Act of 1930. In entering into the settlement, the DOJ credited the companies' internal investigation, cooperation, and voluntary disclosure to the government as key factors for the resolution.[2]

In July, the DOJ also announced a civil settlement with Grosfillex, Inc. (a Pennsylvania based patio furniture company) to settle allegations that the defendant violated the FCA and other statutes by evading antidumping and countervailing duties on aluminum items from China.[3] Companies should be aware though that civil settlement agreements like the ones cited above are narrowly tailored to the specific allegations that gave rise to them; they do not provide coverage for all potential liability, and notably, they reserve the right for the government to pursue criminal liability. Moreover, companies should also be aware that whistleblowers can be a significant source and catalyst for these actions – in fact, the Grosfillex, Inc. action arose from a whistleblower lawsuit filed under the FCA by a former company employee.

The DOJ's recent trade enforcement actions not only reflect a sharp escalation in aggressive enforcement activity, but a broader alignment with the Trump administration's priorities of protecting domestic manufacturing, reshoring economic value and cracking down on trade-related fraud. Businesses engaged in cross-border manufacturing, importing or distribution should understand that the U.S. government will pursue customs-related violations not just under export

[1] United States of America, v. PT Untung Bersama Sejahtera a/k/a/ "UBS" Gold, et al., Criminal Complaint, Mag No. 25-12158, Nov. 12, 2025, available at https://www.justice.gov/usao-nj/media/1417871/dl?inline.

[2] Global Plastics, LLC and Marco Polo International LLC, Settlement Agreement, available at https://www.justice.gov/opa/media/1409606/dl.

[3] United States ex rel. Wisner v. Grosfillex, Inc., Case No. 20-cv-5117 (E.D. Pa.) Settlement Agreement, available at https://www.justice.gov/opa/media/1409616/dl.

control regulations but through other theories of civil and criminal liability, such as fraud and violations of the False Claims Act and tariff statutes. In addition, foreign actors operating outside of the U.S. are not immune from prosecution, as long as the government can show nexus and conduct that affects the U.S. Finally, even where companies learn of potential trade violations, voluntary disclosure is not a one-size-fits-all solution. Companies should consult with an attorney so that they understand the different options and how best to proceed under their own unique facts and circumstances.

Key Contacts

Morrison Cohen's White Collar & Regulatory Enforcement Practice and Government Strategies & Controversies Group are available to assist clients in navigating the DOJ's increasingly aggressive trade enforcement landscape and assessing potential civil and criminal exposure. If you require any additional information, please feel free to contact any of the attorneys listed below.

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