A RESOURCE GUIDE TO

TRADE FRAUD ENFORCEMENT

By the Trade Fraud Task Force

JULY 2026

This Guide is intended to provide information for businesses, individuals, and their attorneys as well as the public regarding customs, trade, and related fraud. The Guide has been prepared by the Trade Fraud Task Force, a partnership of the U.S. Department of Justice (DOJ) and U.S. Department of Homeland Security (DHS), including the National Fraud Enforcement Division, Criminal Division, Civil Division, Environment and Natural Resources Division, the U.S. Attorney's Office for the Northern District of Illinois, U.S. Immigration and Customs Enforcement's Homeland Security Investigations (HSI), and U.S. Customs and Border Protection (CBP). This Guide is not intended to, does not, and may not be relied upon to create any rights or defenses, substantive or procedural, that are enforceable at law by any party, in any criminal, civil, or administrative matter. This Guide neither purports to offer legal advice nor is it intended to substitute for the advice of legal counsel. It does not in any way limit the enforcement intentions or litigating positions of the DOJ, DHS, or any other U.S. government agency or department. This Guide is United States Government property. It is available to the public free of charge online.

FOREWORD

We are pleased to announce the publication of *A Resource Guide to Trade Fraud Enforcement*. Combating trade fraud is a critical priority for safeguarding the nation's economic security, protecting domestic industries, preventing the funding of adversarial interests, preventing the exploitation of our domestic markets by overseas actors, and ensuring the collection of lawful revenue. Trade fraud has corrosive effects on our economy, undermining fair market competition, depriving the public of vital tariff revenues that fund national priorities, and permitting inadmissible goods that don't meet American laws or standards to make entry into the United States and its powerful markets.

When market share is won or lost based more on a company's willingness to engage in customs fraud, smuggling, or related commercial offenses than on the quality and value of its goods, law-abiding businesses are placed at a severe competitive disadvantage—and consumers face increased risks from substandard or dangerous goods. For these reasons, enforcing federal trade and customs laws is a continuing, coordinated priority of the U.S. Department of Justice (DOJ) and the U.S. Department of Homeland Security (DHS).

The Guide sets forth statutory requirements in clear detail while providing practical insights into DOJ and DHS enforcement practices through real-world examples of past enforcement actions.

The Guide represents an unprecedented joint undertaking by DOJ and DHS to provide the public, trade and enforcement attorneys and professionals, as well as the business community with detailed information regarding our shared enforcement approach and priorities. We are proud of the many attorneys, special agents, import specialists, and trade professionals who worked on this project, and we hope it will serve as a helpful reference for companies and individuals dedicated to maintaining the integrity of the global supply chain.

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CHAPTER 1: INTRODUCTION

Bad actors have increasingly exploited the complexities of international commerce to profit through fraud, chicanery, and deception. To the casual observer, customs and trade enforcement might appear to be a matter of administrative oversight, policing technical regulatory infractions. The reality is far more serious. Customs, trade, and related fraud (described throughout this Guide for ease of reference as "trade fraud") undermines a core pillar of the American economy. Rigorous and effective customs enforcement is essential to ensuring fair play and an even playing field so that bad actors do not gain a predatory advantage over those who follow the law.

The stakes extend well beyond the ledger of a single company or the collection of a specific duty or tariff. When we address trade fraud, we are defending the integrity of our borders and national security and the economic stability of our industrial base. Illegally transshipped, mislabeled, and falsely declared goods, items, articles, merchandise, products, materials, or wares (unless otherwise noted, collectively "goods") create a two-tier pricing structure: higher prices for buyers and sellers unwilling to transact in those goods and cheaper prices for those willing to do so or who are otherwise indifferent. The consequences of allowing these practices to go unchecked are felt in the loss of domestic manufacturing capacity, the erosion of job security for workers, and the funding of criminal organizations and adversaries who operate in the shadows of global supply chains. The entry of unknown or falsely declared goods into our commerce also poses a profound threat to public health and safety, and compromises our national security by allowing dangerous, restricted, adulterated, exploitative, or adversarial goods to bypass critical screening protocols. Restoring the rule of law in trade is a foundational necessity for our national prosperity and security as well as the many supply chain actors and consumers harmed by these illicit practices.

The Multi-Faceted Threat

Our commitment to aggressive enforcement is driven by three primary imperatives: fiscal health, public safety, and human dignity. Each of these pillars is undermined when the entry of goods is built upon a foundation of cheating and dishonesty.

First, the fiscal impact of trade fraud is massive. When entities engage in sophisticated schemes to evade lawful duties, they are effectively stealing from the public treasury. These funds are vital for the functioning of our government and the protection of our domestic industries. By artificially lowering their costs through fraud, these bad actors create a two-tier pricing structure that punishes honest domestic businesses. This is not competition; it is economic predation that undermines our industrial resilience and forces rule-abiding employers and organizations to compete on an unlevel playing field. It also undermines the rule of law and the public's confidence in the law and principles of fair play.

Second, trade enforcement is a critical component of public safety. The same tricks used to evade financial obligations are frequently used to bypass health and safety standards. Every time a fraudulent importer circumvents the inspection and certification process, they risk introducing hazardous goods to consumers. These standards exist to protect the public, and those who treat them as obstacles to bypass through deception pose a direct threat to the well-being of every person in our country.

Third, we have a moral and strategic imperative to ensure that our supply chains are free from the stain of forced labor. The exploitation of human beings is an affront to dignity, but it is also a source of vast illicit profit that further distorts global trade. When overseas goods produced under exploitative conditions such as forced labor and child labor enter our markets, they do so with an artificial cost advantage that domestic producers, who respect the rights, dignity, and safety of their workers, cannot match. The disruption and eradication of forced labor conditions from our commerce, including the related goods that make entry into the United States, is both a humanitarian necessity and a national security priority.

The Requirement of Candor

Similar to so many other areas of law, where the government relies on truthful disclosures to collect revenue or provide benefits, the architecture of our trade system relies on a single, indispensable principle: candor. The authorities responsible for policing our borders and managing the flow of goods into our economy operate based on information provided by private actors. For this reason, candor is not just the best practice; it is a legal requirement.

We must be clear: any imported good that presents a risk to our revenue, our safety, or our values usually begins with a lie. Whether that lie concerns the value of the goods, their country of origin, their physical composition, or the conditions under which they were produced, deception is the catalyst for the crime.

It is a common misconception that trade violations result only in administrative fines, the seizure of goods, or the denial of entry. Although regulatory penalties are critical tools in the government's arsenal, they are by no means the only consequence. DOJ views the intentional subversion of trade laws as a serious offense that warrants both civil and criminal exposure when appropriate.

This exposure is not limited to the moment a shipment crosses the border. Federal law reaches deep into the domestic stream of commerce. Those who fraudulently or knowingly receive, conceal, buy, sell, or in any manner facilitate the transportation, concealment, or sale of goods that were imported through illegal means face significant legal peril. By investigating down-chain bad actors, we aim to dismantle the economic incentives that drive systemic evasion. After all, for every illegal market, there is both supply and demand.

Corporate Oversight

Those involved in importing goods into the United States have always had a duty of care and candor to ensure they are abiding by trade laws. Corporations must continually adjust their compliance measures to reflect the complexities of the regulatory climate and their evolving supply chains. The era when a company can claim ignorance of its upstream partners' activities is over.

Every participant in the supply chain—from the importer to the secondary wholesaler to the transporter—has a role to play in maintaining the integrity of the market. This means actively auditing supply chains; verifying the representations made by partners; avoiding willful blindness to economic realities, market conditions, or sources of supply; and ensuring that there is a culture of adherence to customs laws from the logistics manager to the corporate C-Suite and boardroom.

Failure to modernize oversight is a strategic risk with potentially serious or even disastrous consequences. When a company fails to implement effective controls, it leaves itself vulnerable to being used as a conduit for illicit trade and to significant reputational harm, as well as substantial criminal, civil, and administrative penalties. Indeed, in such cases, the DOJ will look closely at whether the failure was a result of negligence, reckless disregard, willful blindness to signs of fraud, or intentional criminality. We encourage companies to treat trade compliance as a core component of their risk management strategy, recognizing that a transparent and truthful supply chain is the best defense against legal exposure.

CBP is utilizing all available administrative remedies to penalize systemic compliance failures.[1] These actions include enforcing liquidated damages claims against bonds for noncompliance; restricting in-bond utilization; increasing audits; and imposing maximum penalties for brokers who, for example, fail to conduct due diligence, repeatedly represent noncompliant clients, or fail to cooperate in a timely manner with requests for information by CBP.[2]

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1 *See* Executive Order 14411, "Strengthening Customs Enforcement," June 3, 2026, https://www.whitehouse.gov/presidential-actions/2026/06/strengthening-customs-enforcement/.

2 *See id.*, Sec. 4(a).

CHAPTER 2: THE CUSTOMS ENTRY PROCESS

Importing goods into the United States is primarily overseen by CBP. This chapter provides an overview of the United States customs entry process and the legal obligations of the parties involved.[3]

Importers of Record and Customs Brokers

The primary players are the Importer of Record (IOR), the party seeking to enter the goods, and, in many cases, a Customs broker, an intermediary that typically deals directly with CBP.

There are over 450,000 active IORs registered with CBP. An IOR is typically a corporate entity that registers with CBP using Form 5106.[4] Domestic IORs provide an Employer Identification Number (entities) or Social Security Number (individuals); non-resident IORs are assigned a "CBP-Assigned Number." For formal entries, the IOR must be the owner or purchaser of the goods, or, when appropriately designated as owner, purchaser, or consignee of the goods, the licensed Customs broker.[5]

Although IORs may self-file entries, almost all IORs provide information to CBP using a licensed Customs broker. A Customs broker is a private individual, partnership, association, or corporation licensed by CBP to conduct customs business on behalf of others.[6] This includes activities involving transactions with CBP concerning the entry and admissibility of goods, classification and valuation, and the payment of duties, tariffs, taxes, or other charges.[7] Only licensed Customs brokers may perform customs business for compensation on behalf of an IOR.[8]

IORs and Customs brokers have different and intersecting legal obligations. The IOR is the entity responsible for ensuring that imported goods comply with all laws and regulations. The IOR must use "reasonable care" to provide CBP with the information necessary to properly assess duties and determine if any other legal requirements are met.[9] The IOR is liable for any underpayment of duties or penalties resulting from misstatements, even if those statements were prepared by a Customs broker. The IOR cannot "contract away" its ultimate responsibility under the customs laws for the truthfulness of an entry.[10]

There are approximately 14,500 active licensed Customs brokers in the United States.[11] The Customs broker's role is to facilitate the entry process with professional competence and candor. As mentioned, for most entries, a Customs broker will communicate directly with CBP as the agent of the IOR and the Customs broker is required to obtain a valid power of attorney from the IOR before transacting with CBP.[12]

A customs broker must exercise due diligence in making financial settlements, answering correspondence, and preparing or filing records relating to any Customs business.[13] Although Customs brokers may generally rely on the information

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3 For comprehensive guidance on administrative Customs entry requirements, documentation protocols, and classification standards, see the specialized series of Informed Compliance Publications and administrative directives available at cbp.gov.

4 *See* 19 C.F.R. § 24.5.

5 *See* 19 U.S.C. § 1484(a)(2)(B).

6 *See* 19 U.S.C. § 1641.

7 19 U.S.C. § 1641(a)(2).

8 19 C.F.R. § 111.2.

9 *See* 19 U.S.C. § 1484(a)(1).

10 *United States v. Golden Ship Trading Co*., 25 C.I.T. 40, 48 (2001) ("[IOR's] reliance on the exporter and the broker does not remove the obligation to exercise reasonable care and competence to ensure that the statements made on the entry documents were correct.").

11 U.S. Customs and Border Protection, "Becoming a Customs Broker," https://www.cbp.gov/trade/programs-administration/customs-brokers/becoming-customs-broker.

12 *See* 19 C.F.R. § 141.46.

13 *See* 19 C.F.R. § 111.29.

provided by the IOR, if a broker knows, has reason to know, or suspects that a client has not complied with the law or has made an error in or omission from any document, they must inform the client of that noncompliance, advise on proper corrective actions, and retain a record of the broker's communication with the client.[14] Customs brokers and IORs, in addition to other parties, must comply with a five-year record-retention obligation.[15]

Data Submitted to CBP on Entry

Manifest and conveyance data submitted to CBP must accurately reflect the contents, origin, and routing of all shipments. CBP reviews this data to identify anomalies, prevent illicit cargo movement, and ensure compliance with federal laws. Submission of false, incomplete, or misleading manifest information may result in enforcement actions, including cargo holds, seizures, and liquidated damages/penalties, as well as criminal or civil enforcement.[16]

Goods arrive at a port of entry, such as a seaport, airport, or truck border crossing. The IOR must take the first opportunity to declare goods in its possession upon arrival in the United States.[17] This is typically accomplished via CBP Form 3461 (Entry/Immediate Delivery), which is the first step in the entry process. As with all the Customs forms discussed here, the paper Form 3461 is now largely a visual reference; the actual submission is a data transmission via the Automated Broker Interface (ABI), which is submitted electronically and processed automatically and in real-time through the Automated Commercial Environment (ACE).[18]

Via Form 3461, the IOR provides an initial description of the goods, including their declared manufacturer and country of origin. This allows CBP and relevant Partner Government Agencies (PGAs) to evaluate whether the goods are admissible and to determine if they require physical examination. From the IOR's perspective, the primary objective of Form 3461 is to obtain a "Release" of the goods into U.S. commerce.

Rather than serving as an absolute finding of legal compliance, a determination to grant "Release" signifies that CBP and the relevant PGA have permitted the goods to enter commerce based on an initial administrative review. CBP and PGAs assess admissibility by evaluating the data presented on Form 3461 alongside PGA Message Sets—integrated data arrays submitted by the importer through the Automated Commercial Environment (ACE)—in combination with internal agency risk-targeting protocols. Because this threshold screening relies on importer-provided information, fraudulent or inaccurate entries may still be granted initial release, subject to subsequent post-summary audit or enforcement action.

Following the presentation of the goods for examination, CBP must decide whether to release or detain the goods within five working days of their presentation for examination.[19] Should CBP detain the goods for further examination, CBP may request additional information or documentation from the IOR to determine compliance with U.S. law, including the admissibility of merchandise into the U.S. or the eligibility of the goods for certain preferential treatment. If CBP determines that the goods are inadmissible—due to violations of health and safety regulations, trademark or copyright infringement, forced labor violations or other reasons—CBP may be authorized to seize the property.[20] Under Title 19, Section 1595a, seizure authorities focus primarily on the unlawful condition, characteristics, or status of the imported goods themselves at the time of entry.

[14] See 19 C.F.R. § 111.39.

[15] See 19 U.S.C. § 1508.

[16] Enforcement priorities explicitly demand that CBP maximize financial recovery by strictly enforcing liquidated damages claims and pursuing maximum administrative penalties. See supra Note 1.

[17] See United States v. Ritterman, 273 U.S. 261, 266 (1927).

[18] See U.S. Customs and Border Protection, "DHS/CBP/PIA-003 Automated Commercial Environment (ACE)," https://www.dhs.gov/publication/filing-data-acsace.

[19] See 19 U.S.C. § 1499(c)(1).

[20] See 19 U.S.C. § 1595a.

Within 10 working days of the goods being released, the IOR or Customs broker must complete the second step of the entry process: Form 7501 (Entry Summary).[21] Whereas Form 3461 seeks release of a good, Form 7501 concerns the financial and legal settlement of the entry.

Form 7501 requires a granular accounting of the goods being imported. Key fields include:

- **Harmonized Tariff Schedule of the United States Annotated (HTS) Number.** A 10-digit import classification system used by CBP to determine duty rates and identify imported goods based on name, use, or material. The HTS is based on the international 6-digit Harmonized System tariff nomenclature. In addition, the HTS includes national subdivisions (8-digit subheadings and 10-digit statistical reporting numbers).

- **Country of Origin (COO).** Origin is defined as the country of manufacture, production, or growth. If the goods consist of materials from multiple countries, the IOR must identify the country where the goods last underwent a "substantial transformation"—that is, the process that resulted in a new and different article of commerce with a distinct name, character, or use.

- **Entered Value.** The method for determining the value of imported goods is set forth by statute.[22] The entered value is the baseline figure upon which duties, tariffs, and fees are calculated.

- **Tariffs and Duties.** CBP requires the IOR or Customs broker to state the duties and tariffs applicable to the entry with a granular, line-by-line accounting that ties every dollar owed back to a specific legal authority (e.g., the HTS or an AD/CVD order, discussed in more detail below). The filer is responsible for the accuracy of these calculations.[23]

The filer (usually the Customs broker) submits a declaration under oath via electronic certification affirming that the prices are true and all statements are correct.[24]

At the time of filing Form 7501, the IOR must generally pay all estimated duties, tariffs, and fees before the goods are released and enter U.S. commerce.[25] Almost all entries must be covered by a bond, which is a contract between a surety, the IOR, and the government that guarantees that if the IOR fails to pay duties or fines, the surety will cover them.[26]

Post-Entry Customs Activity

Once released, the goods move into the stream of commerce. They are typically transported to the consignee, the person or firm that is authorized to receive the goods and is typically named in the shipping documents (e.g., the bill of lading). The consignee may be an entity that merely facilitates the onward movement of the goods (a nominal consignee) or may be a real party in interest—the entity that purchased the goods and will use, sell, or process them domestically. In many commercial transactions, the ultimate consignee is the IOR.

The process concludes with liquidation—the final administrative computation of duties on the entry.[27] Unless CBP disputes the IOR's figures, the entry is "liquidated as entered." If CBP finds a discrepancy (such as misclassification or undervaluation), they may issue a Notice of Action (CBP Form 29) to collect additional duties. If CBP does not affirmatively

[21] *See* 19 C.F.R. § 142.12. For certain higher risk importers, such as quota-class merchandise or when penalties are owed, CBP may require a "live entry" procedure where the 7501 documentation and payment of estimated duties must be submitted at the time of entry rather than after release. This process allows for immediate application of tariffs and duties but is slower than the two-step process that is generally used.

[22] *See* 19 U.S.C. § 1401a.

[23] *See* 19 C.F.R. § 141.61.

[24] *See* 19 U.S.C. § 1485; 19 C.F.R. § 141.19.

[25] *See* 19 U.S.C. § 1505; 19 C.F.R. § 141.101.

[26] *See* 19 U.S.C. § 1623.

[27] *See* 19 U.S.C. § 159.1.

liquidate an entry within one year, it is "deemed liquidated" at the rate the importer claimed on the Form 7501.[28]

CBP generally calculates the financial liability for every commercial entry based on three data points previously discussed: HTS Code, Country of Origin, and Declared Value. Fraud in any one of these items may result in a loss of revenue to the United States or the entry of dangerous, restricted, adulterated, exploitative, or adversarial materials and goods that bypassed important screening protocols. Additional financial liability—such as antidumping, countervailing, or marking duties—may not be apparent from those three data points alone, but the onus is nonetheless on the importer to appropriately mark its goods and declare all duties owed.

External Revenue Authorities

The United States employs a layered approach to tariffs. A single good might be subject to a standard ad valorem rate (i.e., a tax based on the good's value) based on the HTS, a Section 301 tariff based on country of origin, an antidumping and/or countervailing duty, and a Section 232 duty simultaneously.

There is significant complexity and dynamism in how the United States sets customs duty rates. Different federal agencies and the United States President have ownership over specific tariffs and duties and the current rate for a particular good will depend on a variety of factors, including the flow of goods and international considerations. Some external revenue authorities are summarized below.

- **Section 301** of the Trade Act of 1974.[29] Section 301 is the primary tool used by the Office of the U.S. Trade Representative (USTR) to address foreign trade practices that are "unjustifiable," "unreasonable," or "discriminatory" and burden U.S. commerce. These duties now cover hundreds of billions of dollars in imports. Section 301 duties are country-specific and are aimed at correcting structural market imbalances. Some goods are excluded from Section 301 duties even if they are from the designated country.

- **Section 232** of the Trade Expansion Act of 1962.[30] Section 232 authorizes the President to adjust imports—including through the imposition of tariffs—to protect national security. Following an investigation by the U.S. Department of Commerce into whether the quantity or circumstances of imports "threaten to impair" national security, the President may impose duties or other actions to restrict imports.

- **Section 201** of the Trade Act of 1974 (Global Safeguards).[31] Section 201 allows for "safeguard" tariffs when the U.S. International Trade Commission determines that a sudden surge in imports is causing serious injury to a domestic industry. These are global in application and are intended to provide domestic producers with an opportunity to adjust to import competition.

- **Antidumping and Countervailing Duties (AD/CVD).[32]** The U.S. Department of Commerce regulates these duties to ensure fair competition. These duties are intended to remedy unfair pricing and foreign government subsidies. Antidumping duties (AD) are applied when foreign goods are sold in the United States at "less than fair value," while Countervailing duties (CVD) offset specific subsidies provided by foreign governments. Because these duties can exceed 100% of the declared value, they are a frequent target for evasion.

[28] *See* 19 U.S.C. § 1504.
[29] 19 U.S.C. § 2411.
[30] 19 U.S.C. § 1862.
[31] 19 U.S.C. § 2251.
[32] 19 U.S.C. §§ 1671, 1673 *et seq*.

Requirements of Partner Government Agencies (PGAs)

Although CBP serves as the primary point of contact for importers, the operational and decision-making authority for specific commodities is distributed across a network of PGAs, which are U.S. federal entities beyond CBP that maintain independent admissibility purview under their own statutory authorities. IORs must satisfy the data requirements of these agencies either before or simultaneously with their customs entry by providing information directly to CBP through ACE. IORs submit information required by PGAs through the ACE PGA Message Set. Ultimately, a final "Release" decision into U.S. commerce is achieved only through the combination of CBP's foundational admissibility determination and the authorization of the cognizant PGA, with both agencies basing their respective determinations on the information provided by the IOR. The import missions of select PGAs are described below.

1) Food and Drug Administration (FDA)

Operational responsibility over the importation of food, drugs, cosmetics, and medical devices rests with the FDA, and the FDA's process for executing this mission is laid out in its Regulatory Procedures Manual, Chapter 9.[33] Importers seeking to enter a good regulated by the FDA must supply the agency-required information to CBP.[34] This obligation covers a variety of regulated goods including, among other things, drugs, foods, biologics, medical devices, and tobacco products. The FDA also requires prior notice to CBP of imported foods.[35]

Violations of the FDA's import restrictions may constitute criminal and civil violations of the Food, Drug, and Cosmetic Act (FDCA) in addition to other trade fraud offenses.[36]

2) Environmental Protection Agency (EPA)

The EPA regulates imports of chemicals, pesticides, and engines to ensure compliance with U.S. environmental standards. The EPA has expanded its port-side enforcement, particularly concerning illegal pesticide devices and unregistered chemical substances. Like the FDA, the EPA requires that importers provide certain information and certifications to CBP, including:

- **TSCA Certifications.** Importers of chemical substances and mixtures must provide a Toxic Substances Control Act (TSCA) certification.[37] The IOR (not a Customs broker) must file a signed statement via the PGA Message Set in ACE certifying that the shipment is either in compliance with TSCA rules or not subject to TSCA (e.g., it is a pesticide, food, or drug regulated by another agency).[38]

- **FIFRA Certifications.** The Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) governs the import and export of pesticides and devices.[39] Importers seeking to enter FIFRA-regulated goods must submit a Notice of Arrival to CBP.[40]

- **Engine Emissions.** Under the Clean Air Act (CAA),[41] all imported vehicles, off-road engines, and equipment (from lawnmowers to construction tools) must conform to domestic emissions standards. The CAA also prohibits any person from importing or causing the importation of any new engine or vehicle unless it is

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[33] FDA Regulatory Procedures Manual, Chapter 9, https://www.fda.gov/media/71776/download.

[34] *See* FDA's Entry Submission Process, https://www.fda.gov/industry/fda-import-process/entry-submission ("Products regulated by the FDA are subject to review by the FDA when they are offered for entry into the U.S. The FDA electronically reviews all FDA-regulated entries submitted through the [CBP].").

[35] *See* 21 C.F.R. Part 1, Subpart I.

[36] *See, e.g.*, 21 U.S.C. § 331(t), (aa), (cc), (ee), (ff), and (zz) (FDCA prohibited acts concerning imported food and drugs).

[37] *See* 15 U.S.C. § 2612.

[38] *See* 19 C.F.R. § 12.121(a).

[39] *See* 7 U.S.C. § 136o(c).

[40] *See* 19 C.F.R. § 12.112.

[41] 42 U.S.C. § 7401 *et seq*.

covered by a certificate of conformity issued by the EPA.[42] IORs demonstrate their compliance by filing an EPA Form 3520-21 and "CBP will not release engines, vehicles, or equipment from custody unless the importer has submitted all required documents to demonstrate that the engines, vehicles, or equipment meet all applicable requirements."[43]

3) Consumer Product Safety Commission (CPSC)

The CPSC has a vital import-security mission and longstanding partnership with CBP aimed at preventing the introduction of hazardous consumer goods and children's toys into domestic commerce. Importers seeking to enter a good regulated by the CPSC must supply the agency-required information to CBP.[44] The Consumer Product Safety Act (CPSA) explicitly addresses import violations and CPSC has implemented regulations concerning imports.[45]

The CPSC has identified imported goods that most frequently violate its rules, including children's toys with lead or dangerous chemicals, toys that fail the "toy safety standard," and toys with prohibited small parts.[46]

4) Department of Agriculture (USDA)

The USDA, primarily through the Animal and Plant Health Inspection Service (APHIS), safeguards U.S. agriculture by regulating the entry of plants and animals to prevent the introduction of foreign pests and diseases under the Plant Protection Act and Animal Health Protection Act.[47] Likewise, the agency ensures the safety of imported meat and poultry while enforcing species-specific declarations for timber and plant products to combat illegal logging and trade under the Federal Meat Inspection Act and Lacey Act. [48]

5) U.S. Fish and Wildlife Service (USFWS)

The USFWS safeguards global biodiversity by interdicting the illegal trade, smuggling, and commercial exploitation of imperiled species through the enforcement of the Endangered Species Act and the Convention on International Trade in Endangered Species (CITES).[49] Additionally, USFWS regulates all wildlife traffic via mandatory Form 3-177 declarations and physical inspections to prevent the introduction of injurious species and ensure compliance with the Lacey Act and Marine Mammal Protection Act. [50]

6) National Highway Traffic Safety Administration (NHTSA)

The NHTSA requires that every imported vehicle or piece of motor vehicle equipment (e.g., tires, helmets, and so forth) must be accompanied by a form declaring its compliance status.[51]

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42 *See* 42 U.S.C. § 7522.

43 19 CFR § 12.74.

44 *See* 16 C.F.R. Part 1110 ("[I]mporters must electronically file the requisite certificate of compliance at the time of entry with [CBP], which will then share the certificate with CPSC" (abbreviations omitted)).

45 *See* 15 U.S.C. § 2066; *see also*, *e.g.*, 16 C.F.R. Part 1110 (requirements for filing certificates of compliance for certain imported goods including a General Certificate of Conformity or a Children's Product Certificate).

46 *See* Consumer Product Safety Commission, "Most Common Violations," https://www.cpsc.gov/Imports/Most-Common-Violations.

47 7 U.S.C. §§ 7701, 8301.

48 21 U.S.C. § 620; 16 U.S.C. § 3372.

49 16 U.S.C. § 1538; 27 U.S.T. § 1087.

50 16 U.S.C. §§ 3372, 1371.

51 *See* 49 U.S.C. § 301 *et seq*.; 49 C.F.R. Part 591 (Importation of Vehicles and Equipment).

Mandatory Reporting of Product Defects and Adverse Events to PGAs

To uphold their commitment to public safety, regulatory authorities mandate the scrupulous and fastidious reporting of adverse events and product failures associated with imported goods. These frameworks provide the essential infrastructure for decisive government intervention and transparent public notification, ensuring the U.S. government effectively mitigates the risks posed by hazardous goods entering our borders. Select mandatory reporting obligations for imported goods are described below.

- Importers of medical devices must adhere to the Medical Device Reporting (MDR) regulations.[52] These regulations require importers to submit reports to both the FDA and the manufacturer when they receive information reasonably suggesting that one of their imported devices may have caused or contributed to death or serious injury.[53] For malfunctions that would be likely to cause or contribute to death or serious injury if they were to recur, the importer is required to report the event to the manufacturer.[54]

- Importers of food products must report to the Reportable Food Registry (RFR) when there is a reasonable probability that an article of food will cause serious adverse health consequences or death to humans or animals.[55]

- Pharmaceutical importers must report adverse drug experiences to the FDA Adverse Event Reporting System (FAERS) in compliance with post-marketing surveillance requirements.[56]

- Importers are obligated to immediately inform the CPSC if they obtain information indicating that a product fails to comply with an applicable safety rule, contains a defect that could create a substantial product hazard, or creates an unreasonable risk of serious injury or death.[57]

- Importers of motor vehicles and motor vehicle equipment must report safety-related defects and noncompliance with federal standards to the NHTSA.[58]

- Section 6(a)(2) of FIFRA requires importers of pesticides to report any factual information regarding unreasonable adverse effects on the environment or human health to the EPA.[59]

[52] *See* 21 C.F.R. Part 803.
[53] *See* 21 C.F.R. § 803.40.
[54] *See* 21 C.F.R. § 803.40(b).
[55] *See* 21 U.S.C. § 350f.
[56] *See* 21 C.F.R. §§ 314.80; 310.305.
[57] *See* 15 U.S.C. § 2064(b).
[58] *See* 49 U.S.C. § 30118.
[59] *See* 40 C.F.R. § 159.152.

CHAPTER 3:
SELECT ANTI-FRAUD ENFORCEMENT PROVISIONS

Although several agencies have a mandate to combat trade fraud, HSI and CBP, both within DHS, are the cognizant agencies responsible for border enforcement, customs and trade fraud, and the initial investigation of international supply chain violations. This chapter covers CBP's primary administrative enforcement mechanism and how CBP works with HSI before going on to describe some of the civil and criminal enforcement tools available to the DOJ.

CBP's Administrative Authority (Section 592 and Section 1595a(b))

Most external revenue evasion and unlawful import violations are addressed through CBP's administrative authorities. Title 19, Section 1592 (commonly referred to as "Section 592") is among CBP's most potent weapons against non-compliance with customs laws. It prohibits any person from entering or attempting to enter goods into the United States by means of materially false statements, omissions, or acts. Although frequently utilized to combat tariff evasion, Section 1592 is also applied to non-revenue violations where no loss of duties occurs, such as the introduction of dangerous, restricted, adulterated, exploitative, or adversarial goods. This provision allows for the recovery of evaded duties, as well as a penalty amount that varies based on whether the evasion occurred due to negligence, gross negligence, or fraud. Such actions are usually initiated by CBP's issuance of a pre-penalty notice that invites a party to present any contrary evidence. When warranted, this is followed by a penalty notice.

In addition to Section 1592, CBP utilizes Title 19, Section 1595a(b) to issue administrative penalties against importers, brokers, or other parties who introduce or facilitate the importation of goods contrary to law.

If litigation is necessary, such actions are litigated by the DOJ's National Courts Section in the U.S. Court of International Trade.

The Civil False Claims Act (FCA)

The FCA[60] is one of the government's primary civil litigative tools for combating fraud and recovering losses sustained by the U.S. Treasury.[61] The FCA imposes treble damages (three times the actual damages) and penalties on those who knowingly and falsely claim money from the United States or knowingly fail to pay money owed to the United States. FCA cases involving external revenue evasion typically involve the latter scenario, colloquially referred to as a reverse false claim. The FCA reaches beyond importers to anyone who knowingly causes a violation. Moreover, "knowingly" in the FCA context encompasses not just actual knowledge but also deliberate ignorance, willful blindness, and reckless disregard.

In addition to allowing the United States to pursue perpetrators of fraud on its own, the FCA allows private citizens to file suits on behalf of the government (called "qui tam" suits) against those who have defrauded the government. Qui tam actions are initially filed under seal, and the DOJ's Civil Fraud Section and/or U.S. Attorneys' Offices investigate the allegations. Then, if the United States elects to intervene in the action, the DOJ litigates the case in the relevant U.S. district court. If the United States declines to intervene, the whistleblower can litigate the case, seeking damages on behalf of the United States. In either event, private citizens who successfully bring qui tam actions may receive a portion of the government's recovery.

[60] 31 U.S.C. §§ 3729-3733.

[61] *See Rainwater v. United States*, 356 U.S. 590, 592 (1958).

Criminal Statutes Concerning Fraud Upon the Customhouse

As the leading law enforcement agency empowered to conduct criminal investigations into customs law violations, HSI serves as a primary contact for criminal investigative matters arising at the border. HSI Special Agents are "customs officers" under Title 19, Section 1401(i) and criminal investigators empowered with the law enforcement authority set forth at Title 19 Section 1589a. Pursuant to these authorities, HSI Special Agents are authorized to enforce numerous federal criminal and civil laws including, but not limited to, the laws set forth in Titles 18, 19, and 31 of the U.S. Code.

As part of these duties, HSI Special Agents investigate willfully noncompliant importers, Customs brokers, and down-chain actors of imported goods, focusing on imports involving false statements and other illegal practices, and, when warranted, refer investigative findings to the DOJ for criminal prosecution. Because CBP does not possess independent criminal investigative authority, it routinely coordinates with HSI and other authorized federal law enforcement components—including the Federal Bureau of Investigation (FBI), the Internal Revenue Service Criminal Investigation (IRS-CI), and other specialized agency investigative units—to pursue trade-fraud-related criminal matters. It is the mandate of HSI and its various partner law enforcement agencies to investigate violations that fall within the below-listed criminal statutes.

Within the DOJ's National Fraud Enforcement Division, the Global Trade & Commerce Enforcement Section (GTCES) serves as the specialized litigating component responsible for investigating and prosecuting criminal customs fraud, external revenue evasion, international supply chain forced labor offenses, and related trade crimes. GTCES trial attorneys lead complex, transnational investigations and prosecutions in federal district courts across the country on behalf of the United States and serve as DOJ's central coordinator for interagency trade enforcement operations.

Title 18 of the U.S. Code offers powerful tools for dismantling sophisticated trade fraud syndicates and providing specific and general deterrence against trade fraud. Section 541 prohibits the knowing entry of goods through false classification or the payment of less than the legally due duty. Similarly, Section 542 criminalizes the entry or attempted entry of goods by means of any fraudulent invoice, declaration, or false statement. Both Sections 541 and 542 apply a two-year statutory maximum period of imprisonment and/or criminal fines to anyone who violates those statutes.

Section 548 also applies a two-year statutory maximum period of imprisonment and/or criminal fines to anyone who "fraudulently conceals, removes, or repacks merchandise in any bonded warehouse or fraudulently alters, defaces or obliterates any marks or numbers placed upon packages deposited in such warehouse." Additionally, Section 551 applies the same penalties when someone "willfully conceals or destroys any invoice, book, or paper relating to any merchandise imported into the United States, after an inspection thereof has been demanded by the collector of any collection district" or "conceals or destroys at any time any such invoice, book, or paper for the purpose of suppressing any evidence of fraud therein contained."

Under Section 550, it is also a crime with the same penalties to knowingly and willfully file a false claim for a refund of duties.

The most expansive tool in the DOJ's arsenal is Title 18, Section 545. The first paragraph of Section 545 prohibits the following acts when done "knowing[ly] and willful[ly], with intent to defraud the United States":

- **Clandestine Introduction.** "Smuggl[ing] or clandestinely introduce[ing] or attempt[ing] to smuggle or clandestinely introduce into the United States any merchandise which should have been invoiced." The "clandestine introduction" prohibition of Section 545 codifies the archetypal smuggling operation that bypasses the customhouse altogether thereby ensuring the goods are never presented for the declaration required of all goods brought into the United States.[62]

[62] *See United States v. McKee*, 220 F.2d 266, 267 (2d Cir. 1955) (affirming Section 545 convictions for clandestine smuggling of a snowmobile).

- **False Paper to Customs.** "Mak[ing] out or pass[ing], or attempt[ing] to pass, through the customhouse any false, forged, or fraudulent invoice, or other document or paper." Critically, this provision of Section 545 proscribes conduct—providing false documents—that deprives the United States of lawfully owed duties.[63]

The second paragraph of Section 545 prohibits the following:

- **Entering Goods Contrary to Law.** "[F]raudulently or knowingly import[ing] or bring[ing] into the United States . . . any merchandise contrary to law."

- **Down-chain Activity with Knowledge.** "[R]eceiv[ing], conceal[ing], buy[ing], sell[ing], or in any manner facilitat[ing] the transportation, concealment, or sale of such merchandise after importation, knowing the same to have been imported or brought into the United States contrary to law."[64] Section 545 is not limited to the initial importer; it criminalizes conduct anywhere in the supply chain so long as the actor meets the knowledge requirement.[65]

Section 545 carries a statutory maximum of 20 years of imprisonment and/or criminal fines and requires the forfeiture of the smuggled goods or their equivalent value.

Trade fraud prosecutions can be brought on theories of conspiracy or accomplice liability. Under Title 18, Section 2, anyone who "aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal"[66] and those who "willfully cause[] an act to be done which if directly performed by him or another would be an offense against the United States, is punishable as a principal." Under Title 18, Section 371, "[i]f two or more persons conspire either to commit any offense against the United States, or to defraud the United States, or any agency thereof" and "one or more of such persons do any act to effect the object of the conspiracy, each shall be fined under this title or imprisoned not more than five years, or both."[67]

Money Laundering

Title 18, Section 1956(c)(7) includes violations of Title 18, Sections 542 and 545 as specified unlawful activities. Consequently, any monetary transaction exceeding $10,000 and using property derived from trade fraud—such as reselling the misclassified goods or transferring the "savings" back to a parent company—can trigger a violation of Title 18, Section 1957.

- The government charged four individuals with smuggling and Section 1957 violations for importing undersized, illegally packed Caribbean spiny lobsters.[68] Because the lobsters were imported "contrary to law" (the underlying violations being the Lacey Act and local law in the country of origin), they were considered

[63] *See, e.g., United States v. Scuderia Development*, LLC 2024 WL 3594382, *1 (9th Cir. 2024) (affirming convictions for violations of Section 545's false document prong predicated on declarations that imports were not subject to antidumping/countervailing duties).

[64] 18 U.S.C. § 545.

[65] *See United States v. Sterling Islands Inc*., 18-cr-04176 (D.N.M. May 20, 2019) (Section 545 charged against resellers of smuggled goods who did not themselves bypass customs); *United States v. Giesselbach, et al*., 08-cr-417 (N.D.I.L. Apr. 10, 2012) (commonly referred to as "First Phase Operation" and consisting of 44-count indictment charging parent company and its U.S. and foreign affiliates, along with other corporate and individual defendants with fraudulently avoiding nearly $80 million in U.S. customs duties on more than 600 shipments of honey imported between 2002 and 2009; case charged 18 U.S.C. § 371 as well as individual counts of §§ 542, 545, 21 U.S.C. §§ 331(a), 333(a)(2), 342(a)(2)(C)(i), and 348(a) and also involved the seizure and forfeiture of 2,441 drums of honey); *United States v. Yong Xiang Yan*, 09-cr-424 (N.D.I.L. Oct. 2009); *United States v. Hung Ta Fan*, 10-cr-198 (N.D.I.L. Mar. 2010); *United States v. Hung Yi Lin*, 13-cr-125 (N.D.I.L. Aug. 2012).

[66] 18 U.S.C. 2.

[67] 18 U.S.C. 371.

[68] *United States v. McNab*, et al., 1:00-cr-79 (S.D. Ala. 2000).

smuggled under Section 545. The government charged the defendants with violating Section 1957 for the subsequent financial transactions involving the proceeds from the sale of these lobsters. The federal convictions were affirmed on appeal.[69]

The Racketeer Influenced and Corrupt Organizations Act (RICO)

RICO[70] targets organized criminal activity and racketeering. A RICO violation—which can be either civil or criminal and, in the civil context, can be brought both by the government and private parties—requires at least two separate predicate acts within a ten-year period, including mail and wire fraud (Sections 1341 and 1343), Section 545, or money laundering (Sections 1956 and 1957). RICO conspiracy charges can reach high-level executives who may not have personally committed the fraud or money laundering activity, but agreed to further the enterprise's illegal goals.[71] RICO charges carry substantial penalties, including up to 20 years in prison and mandatory forfeiture of any assets or property interests connected to the racketeering activity. Victims can sue under RICO to recover three times the actual damages plus reasonable attorneys' fees.[72] Courts can also order injunctions against further racketeering and require restitution to victims.[73]

Health and Safety Offenses

A critical function of our health and safety laws is enforcement against those who seek to enter goods that threaten the health and safety of American consumers. The following selected health and safety statutes provide criminal remedies concerning import violations.

The Food, Drug, and Cosmetic Act (FDCA)[74] prohibits an array of acts concerning imported goods, including the introduction or delivery for introduction into interstate commerce of any adulterated or misbranded food, drug, device, tobacco product, or cosmetic (§ 331(a)); the illegal reimportation of drugs (§ 331(t)); the importation of counterfeit drugs (§ 331(aa)); and the failure to comply with the foreign supplier verification program for food (§ 331(zz)). Other critical provisions include prohibitions against the importation of drugs by unauthorized persons (§ 331(cc)) and the distribution of "unapproved" new drugs that have bypassed the FDA's safety review (§ 331(ee)-(ff)). The FDCA provides for a three-year felony for violations done with intent to defraud or mislead or if "any person commits such a violation after a [prior FDCA] conviction."[75] Strict liability and negligence offenses are punishable by no more than one year in prison; the former is commonly known as the "Park Doctrine" or "Responsible Corporate Officer Doctrine."[76]

The Consumer Product Safety Act (CPSA) provides a robust framework for interdicting hazardous consumer goods before they reach the domestic retail market. Central to this authority is Title 15, Section 2068, which includes several import prohibitions. Knowing and willful violations of the CPSA are criminal acts with a five-year statutory maximum of imprisonment.[77]

The Lacey Act[78] provides for prosecuting the importation of fish, wildlife, or plants taken, possessed, transported, or sold in violation of any underlying U.S., state, tribal, or foreign law. Knowing violations of the Lacey Act are crimes punishable by up to five years' imprisonment.

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[69] *See United States v. McNab*, 331 F.3d 1228 (11th Cir. 2003).
[70] Codified at 18 U.S.C. §§ 1961-68.
[71] *See* 18 U.S.C. § 1962(d).
[72] *See* 18 U.S.C. § 1964(c).
[73] *See* 18 U.S.C. § 1964(a).
[74] 21 U.S.C. § 331.
[75] *Id*. at § 331(a)(2).
[76] *Id*. at § 331(a)(1); see also Justice Manual at 4-8.215.
[77] *See* 15 U.S.C. § 2070.
[78] 16 U.S.C. §§ 3371-3378.

Violations of each of the health and safety statutes listed above in connection with importations into the United States serves as a predicate offense used by federal prosecutors and law enforcement to investigate Customs violations, including Title 18, Sections 542 and 545, among others. In most cases, a PGA's investigative branch (e.g., the FDA's Office of Criminal Investigations (FDA-OCI) or the EPA's Criminal Investigation Division (EPA-CID)) works in tandem with HSI Special Agents as a force multiplier to enhance and support these criminal investigations. Additionally, as trade fraud schemes frequently intersect with broader financial crimes, such as tax evasion, money laundering, and illicit distribution networks, HSI routinely partners with other federal investigative components—such as IRS-CI, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), and the Drug Enforcement Administration (DEA)—in a whole-of-government approach to dismantle willfully predatory and illegal trade practices.

Federal Securities Laws

For public companies and other issuers, trade fraud violations can give rise to liability focused on (1) the books and records and internal control provisions of the federal securities laws, which require issuers to maintain accurate financial records and sufficient systems of internal accounting controls,[79] as well as (2) disclosure violations centered on the issuer's obligation to provide truthful and complete material information in its periodic reports and public statements.[80]

[79] *See* 15 U.S.C. § 78m(b)(2).

[80] *See* 15 U.S.C. § 77q(a); 17 C.F.R. § 240.12b-20.

CHAPTER 4: FORCED LABOR

DHS, DOJ, and their partners enforce U.S. customs and trade laws against those who circumvent the prohibition on the importation of goods manufactured by forced labor. Forced labor includes slave labor, child labor, and labor conditions that possess the indicia of bondage and coercion. This enforcement priority is a direct response to a staggering global crisis: estimates indicate that nearly 30 million people around the world are currently trapped in forced labor, a scourge that generates an estimated $236 billion in illegal profits every year.[81] DHS and DOJ prioritize ensuring that foreign goods made with forced labor, slave labor, and child labor (hereinafter collectively "forced labor") are not imported into the United States. In this chapter, the Guide outlines the regulatory landscape around forced labor and describes some of the risk areas.

Section 307: Withhold Release Orders and Findings

The bedrock of forced labor trade enforcement is Section 307 of the Tariff Act of 1930, as amended.[82] It prohibits the importation of all goods "mined, produced, or manufactured wholly or in part" by convict labor, forced labor, or indentured labor under penal sanctions (including forced child labor). "Forced labor" means "all work or service which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily."[83]

Section 307 allows CBP to build an administrative enforcement case based on allegations of forced labor occurring in any country in the world. When CBP has reasonable suspicion that goods have been produced with forced labor, which can be supported by information provided in a Non-governmental Organization (NGO) report, media or journalist investigation, or tip submitted to CBP via the Forced Labor Allegations Portal,[84] the agency can issue a Withhold Release Order (WRO), which allows CBP to detain the subject goods at all ports of entry.[85] Reasonable suspicion as that term has long been understood in the law means "specific and articulable facts which, taken together with rational inferences from those facts, reasonably warrant that intrusion."[86]

When CBP has probable cause to believe that a good is produced by forced labor, the agency issues a Finding, the most severe administrative action under Section 307.[87] Unlike a WRO, a Finding authorizes CBP to seize and forfeit the goods. The importer cannot simply re-export the goods to another country to avoid the loss; rather, the property is seized by the U.S. government.

Uyghur Forced Labor Prevention Act (UFLPA)

In late 2021, Congress enacted Public Law 117-78, the Uyghur Forced Labor Prevention Act, colloquially known as the UFLPA. Under the UFLPA,[88] for goods connected to the Xinjiang Uyghur Autonomous Region (XUAR) or to specific entities and facilities (see immediately below), CBP applies a rebuttable presumption that such goods were made with forced labor and are thus not entitled to entry at U.S. ports of entry. To overcome this presumption and obtain a statutory

[81] International Labour Organization, "Annual profits from forced labour amount to US$ 236 billion, ILO report finds," March 19, 2024, https://www.ilo.org/resource/news/annual-profits-forced-labour-amount-us-236-billion-ilo-report-finds (accessed April 2026).

[82] 19 U.S.C. § 1307.

[83] *Id*.

[84] U.S. Customs and Border Protection, "Forced Labor Allegation Portal," https://flallegation.cbp.gov/s/login.

[85] U.S. Customs and Border Protection, "Withhold Release Orders & Findings Dashboard," https://www.cbp.gov/newsroom/stats/trade/withhold-release-orders-findings-dashboard.

[86] *Terry v. Ohio*, 392 U.S. 1, 21 (1968).

[87] Probable cause exists when facts and circumstances within the officer's knowledge, and of which they have reasonably trustworthy information, are sufficient to warrant a reasonable belief that a suspect has committed or is committing an offense. See Beck v. Ohio, 379 U.S. 89, 91 (1964).

[88] Public Law 117-78, Section 1(6).

exemption under Section 3(b) of the UFLPA,[89] an importer must provide "clear and convincing" evidence that the goods were not made with forced labor and adhere to other requirements outlined in the UFLPA's Strategy to Prevent the Importation of Goods Mined, Produced or Manufactured with Forced Labor in the People's Republic of China (UFLPA Strategy), issued in June 2022.

Forced Labor Enforcement Task Force (FLETF) and UFLPA Entity List

The FLETF is the central interagency government body responsible for coordinating the U.S. government's efforts to prevent the entry of goods produced with forced labor.[90] Chaired by DHS, the FLETF includes members from the Departments of Justice, State, the Treasury, Labor, Commerce, and the Office of the U.S. Trade Representative (USTR).[91] The FLETF's core responsibilities are to monitor the global enforcement of Section 307,[92] identify sectors that are priorities for enforcement,[93] and maintain the UFLPA Entity List.[94]

The UFLPA Entity List is a comprehensive, four-part register of entities and facilities identified by the FLETF as being involved in activities such as state-sponsored forced labor schemes, labor transfer schemes in the XUAR, or sourcing material from the XUAR. FLETF member agencies nominate entities for inclusion through independent federal agency analysis and intelligence, as well as credible referrals from academia, Congress, investigative journalists, NGOs, and other public-private partnerships. The FLETF must demonstrate a "reasonable cause to believe, based on specific and articulable information,"[95] that the entity's activities satisfy the criteria outlined in Section 2(d)(2)(B)(i)-(ii), (iv) and/or (v) of the UFLPA.[96] Inclusion on this list triggers an immediate statutory rebuttable presumption that any goods produced by these entities or facilities are not entitled to entry into the United States under Title 19, Section 1307.

High-Priority Sectors for Enforcement

The FLETF maintains a strategic list of "high-priority sectors for enforcement"[97] where there is sufficient information that supply chains and suppliers in those sectors have a higher risk of forced labor, signaling that importers should exercise the highest level of scrutiny for supply chains that intersect those sectors. Although the initial 2022 UFLPA Strategy identified apparel, cotton, silica-based products (including polysilicon), and tomatoes as high-priority sectors,[98] the FLETF has

89 Public Law 117-78, Section 3(b).

90 *See* United States-Mexico-Canada Agreement Implementation Act, Public Law 116-113, Section 741, 19 U.S.C. § 4681.

91 U.S. Department of Homeland Security, "Forced Labor Enforcement Task Force," https://www.dhs.gov/forced-labor-enforcement-task-force.

92 19 U.S.C. § 4681; Exec. Order No. 13, 923, 85 Fed. Reg. 30,587, *Establishment of the Forced Labor Enforcement Task Force Under Section 741 of the United States-Mexico-Canada Agreement Implementation Act* (May 15, 2020).

93 Section 2(d)(2)(B)(viii); *see also* U.S. Department of Homeland Security, "Trump Administration Fights for America's Economic and National Security, Designating New Chinese Industry Sectors as High-Priority for Enforcement under the Uyghur Forced Labor Prevention Act," August 19, 2025, https://www.dhs.gov/news/2025/08/19/trump-administration-fights-americas-economic-and-national-security-designating-new.

94 Section 2(d)(2)(B)(i)-(ii), (iv)-(v); see U.S. Department of Homeland Security, "UFLPA Entity List," https://www.dhs.gov/uflpa-entity-list; *see also* United States-Mexico-Canada Agreement Implementation Act, Public Law 116-113, Section 741, 19 U.S.C. § 4681.

95 U.S. Department of Homeland Security, "UFLPA Frequently Asked Questions," https://www.dhs.gov/uflpa-frequently-asked-questions.

96 Public Law 117-78, Section 2(d)(2)(B).

97 *Id*. Section 2(d)(2)(B)(viii).

98 U.S. Department of Homeland Security, "Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China," June 17, 2022, p. 27, https://www.dhs.gov/sites/default/files/2022-06/22_0617_fletf_uflpa-strategy.pdf.
The UFLPA explicitly names cotton, tomatoes, and polysilicon as high priority sectors for enforcement. Public Law 117-78, Section 2(d)(2)(B)(viii).

expanded this list to include aluminum, polyvinyl chloride (PVC), seafood,[99] steel, copper, lithium, caustic soda, and jujubes (red dates),[100] bringing the total number of prioritized sectors to twelve.

Criminal Violations for Importing Goods Manufactured by Forced Labor

The DHS Center for Countering Human Trafficking (CCHT) serves a central coordinating function to combat human trafficking and related offenses. The CCHT's mission explicitly includes overseeing and facilitating global enforcement operations targeting the prohibition on the importation of goods produced with forced labor.[101]

The peonage provisions of federal criminal law, see Title 18, Chapter 77, include several criminal violations related to profiting from forced labor, whether domestically or abroad. Section 1589 of Title 18 prohibits "knowingly benefit[ing], financially or by receiving anything of value, from participation in a venture which has engaged in the providing or obtaining of labor or services. . . .[while] knowing or in reckless disregard of the fact that the venture has engaged in the providing or obtaining of [forced] labor or services."[102] Thus, anyone who benefits financially from forced labor, from the importer to the down-chain distributor or retailer, with actual knowledge of or reckless disregard for the forced labor, has committed a crime. Of course, statutes such as Section 1589 can provide the predicate "contrary to law" provision for a violation of the second paragraph of Section 545 of Title 18.[103]

Under Title 18, Section 1592, "[w]hoever knowingly destroys, conceals, removes, confiscates, or possesses any actual or purported passport or other immigration document, or any other actual or purported government identification document, of another person" in the course of violating or with the intent to violate specified sections of Chapter 77, including Section 1589, has committed a felony with a five-year statutory maximum of imprisonment.[104]

Title 18, Section 1594 prohibits among other things, "attempts" to violate Section 1589 and conspiracies to violate Sections 1589 and 1592 and provides that the consequences "shall be punishable in the same manner as a completed violation of that section."[105] Furthermore, Section 1593A provides that "[w]hoever knowingly benefits, financially or by receiving anything of value, from participation in a venture which has engaged in any act in violation of [Chapter 77], knowing or in reckless disregard of the fact that the venture has engaged in such violation, shall be fined under this title or imprisoned in the same manner as a completed violation of such section."[106]

Title 18, Section 1593 requires a sentencing court to impose mandatory restitution upon anyone convicted of a violation of Chapter 77 and specifically provides that the term "'full amount of the victim's losses' has the same meaning as provided in section 2259(c)(2) and shall in addition include the greater of the gross income or value to the defendant of the victim's services or labor or the value of the victim's labor as guaranteed under the minimum wage and overtime guarantees of the Fair Labor Standards Act (29 U.S.C. 201 et seq.)."[107] It also provides that the "forfeiture of property under this subsection shall be governed by the provisions of section 413 (other than subsection (d) of such section) of the Controlled Substances Act (21 U.S.C. 853)."[108]

Title 18, Section 1594(d) provides that the "court, in imposing sentence on any person convicted of a violation of this chapter [i.e., Chapter 77], shall order, in addition to any other sentence imposed and irrespective of any provision of State law, that such person shall forfeit to the United States—

[99] U.S. Department of Homeland Security, "2024 Updates to the Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China," July 9, 2024, p. 2, . https://www.dhs.gov/uflpa-strategy.

[100] U.S. Department of Homeland Security, "2025 Updates to the Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China," August 19, 2025, p. 6, https://www.dhs.gov/sites/default/files/2025-08/25_0819_plcy_uflpa-strategy-2025-update-508.pdf.

[101] *See* 6 U.S.C. § 242a.

[102] 18 U.S.C. § 1589(b).

[103] *Id*. § 545.

[104] *Id*. § 1592.

[105] *Id*. § 1594.

[106] *Id*. § 1593A.

[107] *Id*. § 1593(b)(3).

[108] *Id*. § 1593(b)(4).

1. such person's interest in any property, real or personal, that was involved in, used, or intended to be used to commit or to facilitate the commission of such violation, and any property traceable to such property; and

2. any property, real or personal, constituting or derived from, any proceeds that such person obtained, directly or indirectly, as a result of such violation, or any property traceable to such property."[109]

Title 18, Section 1594(e) calls for civil forfeiture, without the necessity of the owner's conviction, of any property derived from, or used to facilitate, the commission of an offense under Chapter 77. Specifically, it provides (quoted in full):

1. The following shall be subject to forfeiture to the United States, and no property right shall exist in them:

   a. Any property, real or personal, involved in, used, or intended to be used to commit or to facilitate the commission of any violation of this chapter, and any property traceable to such property.

   b. Any property, real or personal, which constitutes or is derived from proceeds traceable to any violation of this chapter.

2. The provisions of chapter 46 of this title relating to civil forfeitures shall extend to any seizure or civil forfeiture under this subsection.[110]

Under Title 18, Section 1594(f), entitled "Transfer of Forfeited Assets":

1. In general.—Notwithstanding any other provision of law, the Attorney General shall transfer assets forfeited pursuant to this section, or the proceeds derived from the sale thereof, to satisfy victim restitution orders arising from violations of this chapter.

2. Priority. — Transfers pursuant to paragraph (1) shall have priority over any other claims to the assets or their proceeds.

3. Use of nonforfeited assets.— Transfers pursuant to paragraph (1) shall not reduce or otherwise mitigate the obligation of a person convicted of a violation of this chapter to satisfy the full amount of a restitution order through the use of non-forfeited assets or to reimburse the Attorney General for the value of assets or proceeds transferred under this subsection through the use of nonforfeited assets.[111]

Finally, Title 18, Section 1594(g) treats any violation of Chapter 77 as organized criminal activity or other serious offense for the purposes of application of chapter 224, which relates to witness protection.[112]

These criminal statutory provisions in tandem with CBP's authority to take administrative enforcement actions against entities suspected of importing goods produced with forced labor create a robust and rigorous legal environment that ought to compel companies and others in the supply chain to conduct thorough due diligence into foreign and domestic forced labor practices and ensure their global supply chains remain free from exploitation.

[109] *Id*. § 1594(d)(1), (2).
[110] *Id*. § 1594(e)(1), (2).
[111] *Id*. § 1594(f)(1), (2), (3).
[112] *Id*. § 1594(g).

CHAPTER 5: COMMON TRADE FRAUD TYPOLOGIES

The allure of illicit profit continues to drive both sophisticated and simple schemes designed to circumvent the entry controls and external revenue mandates described above. Trade fraud has evolved into a multifaceted set of deceptive practices that erode the competitive landscape for honest businesses and deprive the government of essential revenue. By exploiting the sheer volume of international shipments, bad actors employ an array of typologies—ranging from technical misclassification to complex transshipment routes—to mask the true nature, origin, or value of their goods, often with a singular purpose: to avoid the payment of applicable duties, tariffs, taxes, or other charges (collectively "tariffs") and/or to bypass critical screening protocols designed to keep out dangerous, restricted, exploitative, adulterated, or adversarial materials and goods.

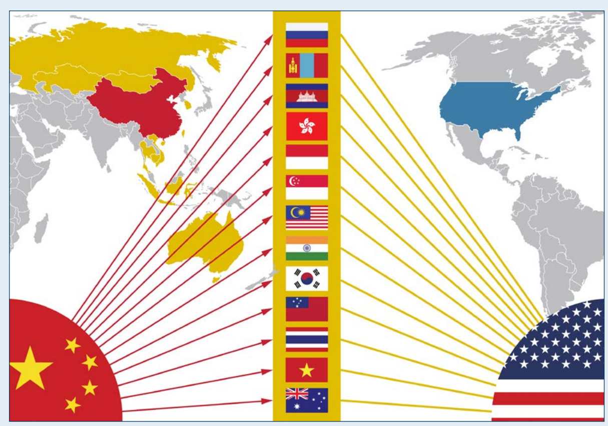
This chapter examines the primary typologies used by customs cheats and other supply chain fraud actors to navigate these barriers, highlighting the specific strategies used to compromise the integrity of the modern supply chain, and then identifies enforcement actions that have been successfully employed to hold persons and entities engaged in such conduct to account. These schemes are frequently employed and charged in combination, but we highlight them here individually for ease of analysis.

Manifest Fraud

Manifest fraud involves the intentional misstatement, omission, or manipulation of cargo data in the manifest submitted to CBP. This includes false commodity descriptions, concealment of prohibited or restricted items, and splitting shipments to avoid regulatory scrutiny. Manifest fraud undermines the effectiveness of cargo screening and poses significant risks to border security.

False Country of Origin (COO) Declarations and Markings

This scheme involves an importer intentionally misrepresenting the country where a good was manufactured on customs entry documents. For example, by claiming the goods originated in a country with lower tariff rates instead of a high-tariff country, the importer may illegally avoid paying certain applicable duties, such as Section 301 duties, antidumping or countervailing duties. The fraud is often executed by either directly falsely declaring the real country of origin of a good, and/or transshipping the good through third country and falsely declaring to CBP that the third country is the country of origin.



Proven Transshipping Routes from 'Operation Honeygate' (NDIL).

A good must be substantially transformed in a country to legally change its origin. Fraud actors often perform pass-through operations, such as simple assembly or repacking, which do not meet federal law's threshold for substantial transformation. This allows fraud actors to exploit free trade agreements or avoid duties that would be assessed if the country-of-origin information were accurate.

Falsely declaring the country of origin often includes generating fake or fraudulent invoices or mismarking the good by replacing required country of origin labeling with stickers from a third country. Mismarked goods may be subject to an additional 10% duty.[113] Beyond import-related laws, trade-adjacent legal authorities, such as those that restrict the country of origin of certain purchases made using government funds,[114] may also result in legal exposure when countries of origin are falsified.

[113] *See* 19 U.S.C. § 1304.

[114] *See*, e.g., Buy American Act, 41 U.S.C. §§ 8301–8305; Buy America Act, 49 U.S.C. § 5323; Build America, Buy America Act, 2 C.F.R. part 184.

- A global resin distributor and its subsidiaries paid $6.8 million to resolve civil and criminal charges concerning falsified COO declarations on imported plastic resin to avoid 25% Section 301 duties.[115] A former executive pleaded guilty.[116]

- A Charlotte, North Carolina-based distributor agreed to pay $54.4 million to resolve allegations that it transshipped tungsten carbide through a third country and falsely declared the third country as the COO.[117]

- A Florida couple was sentenced to 57 months in prison for a conspiracy to evade more than $42 million in customs duties on imported plywood. The scheme involved using shell companies to import hardwood plywood while falsely claiming the goods originated in other countries or consisted of exempt wood species to avoid antidumping and countervailing duties. The defendants also engaged in transshipping, where they transferred goods into new containers in nations outside the COO to hide the true point of origin from customs authorities.[118]

False HTS Classification

Importers may intentionally misclassify goods by using HTS codes that carry lower duty rates than the correct ones. This typology may involve describing finished goods as "parts," misrepresenting that a virgin raw material is recycled, or claiming a high-duty item falls under another category that is either low-duty or duty-free.

- A domestic importer for a multinational conglomerate paid more than $53 million to resolve claims that it misclassified imported automotive components to avoid antidumping duties of more than 92%. The government alleged the company knowingly used incorrect HTS codes to bypass specific duty orders on tapered roller bearings.[119]

- A Texas-based supplier of countertop and cabinetry products and its president agreed to pay $12.4 million in civil penalties to resolve allegations that they violated the FCA by knowingly and improperly evading, or conspiring to evade, antidumping and countervailing duties owed to the United States on imported quartz surface products.[120]

- An American car manufacturer agreed to pay $365 million to resolve civil allegations that it misclassified and undervalued hundreds of thousands of imported vehicles. As alleged, the car company installed temporary sham rear seats to make cargo vans appear to be passenger vehicles, allowing the company to pay a 2.5% duty rate instead of the 25% rate required for cargo vehicles. These temporary features were reportedly removed

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115 U.S. Department of Justice, "Importers Agree to Pay $6.8M to Resolve False Claims Act Liability Relating to Voluntary Self-Disclosure of Unpaid Customs Duties," July 23, 2025, https://www.justice.gov/opa/pr/importers-agree-pay-68m-resolve-false-claims-act-liability-relating-voluntary-self.

116 U.S. Department of Justice, "New London Man Pleads Guilty to Conspiring to Smuggle Chinese Goods into the United States to Avoid Tariffs," January 22, 2026, https://www.justice.gov/usao-nh/pr/new-london-man-pleads-guilty-conspiring-smuggle-chinese-goods-united-states-avoid.

117 U.S. Department of Justice, "Ceratizit USA LLC Agrees to Pay $54.4M to Settle False Claims Act Allegations Relating to Evaded Customs Duties," December 18, 2025, https://www.justice.gov/opa/pr/ceratizit-usa-llc-agrees-pay-544m-settle-false-claims-act-allegations-relating-evaded-0.

118 U.S. Department of Justice, "Florida Conspirators Sentenced to Nearly Five Years in Prison Each for Evading Over $42 Million in Duties When Illegally Importing and Selling Plywood," February 15, 2024, https://www.justice.gov/archives/opa/pr/florida-conspirators-sentenced-nearly-five-years-prison-each-evading-over-42-million-duties.

119 U.S. Department of Justice, "United States Settles Suit for Misclassification of Chinese Automotive Components," December 18, 2025, https://www.justice.gov/opa/pr/united-states-settles-suit-misclassification-chinese-automotive-components.

120 U.S. Department of Justice, "Allied Stone Inc. and Company Official Agree to Pay $12.4M to Settle False Claims Act Allegations Relating to Evaded Customs Duties," August 19, 2025, https://www.justice.gov/opa/pr/allied-stone-inc-and-company-official-agree-pay-124m-settle-false-claims-act-allegations.

immediately after the vehicles cleared customs to restore their original identity as two-seat cargo vans.[121]

Undervaluation

Undervaluation is the practice of intentionally stating a lower price for goods on a commercial invoice than the actual price paid or the true market value of the goods. This may be accomplished in several ways including false claims of first-sale pricing or failing to accurately account for the value of assets.

Fraud actors may also conspire with a manufacturer who issues two sets of invoices for the same transaction: a "real" invoice for the actual payment and a "fake" invoice for customs purposes. The importer presents the fake, lower-value invoice to CBP while the actual funds are transferred using the real invoice via a different financial channel. This allows the importer to maintain clean books for its own accounting while presenting a fraudulent basis for duty calculation. By understating the value, the importer pays a percentage of a smaller amount, effectively stealing duty revenue from the U.S. Treasury.

- Two importers of women's apparel agreed to pay $10 million in civil penalties to settle FCA claims and admitted to a decade-long scheme in which they presented false invoices that significantly understated the value of their imports.[122]

- The CEO of an apparel company in New York was charged civilly and criminally with participating in a years-long scheme to defraud the government by submitting invoices to CBP that falsely understated the value of the imported goods into the United States. As a result, the CEO is alleged to have evaded hundreds of thousands of dollars in customs duties.[123]

- A Miami importer pleaded guilty to a conspiracy that utilized a double-invoicing scheme to evade more than $1.9 million in antidumping and countervailing duties on imported truck tires. To facilitate this fraud, the defendant and his co-conspirators prepared two sets of invoices: one accurate set for internal use and a second, falsified set that significantly undervalued the goods to lower the duty calculations presented to CBP. This financial manipulation was combined with transshipment tactics through third countries to further conceal the COO and actual value of the tires entering the United States.[124]

Anti-Dumping/Countervailing Duty (AD/CVD) Evasion

Antidumping and countervailing duties are high remedial tariffs designed to prevent foreign companies from "dumping" goods at below-market prices or benefiting from unfair government subsidies. These duties are imposed by the Department of Commerce after an investigation by it and by the U.S. International Trade Commission and are specific to goods from particular countries. Antidumping and countervailing duties can often be multiples higher than general duties, sometimes exceeding 600% of declared value. Importers evade these duties by claiming a false country of origin or misclassifying or misidentifying the good (e.g., declaring actual honey to be "sugars" or "syrups") so that it appears to fall outside the scope of the Department of Commerce's AD/CVD order.

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[121] U.S. Department of Justice, "Ford Motor Company Agrees to Pay $365M to Settle Customs Civil Penalty Claims Relating to Misclassified and Under-Valued Vehicles," March 11, 2024, https://www.justice.gov/archives/opa/pr/ford-motor-company-agrees-pay-365m-settle-customs-civil-penalty-claims-relating.

[122] U.S. Department of Justice, "Manhattan U.S. Attorney Settles Civil Fraud Lawsuit Against Clothing Importers Engaged In A Scheme To Avoid Payment Of Customs Duties," April 9, 2014, https://www.justice.gov/usao-sdny/pr/manhattan-us-attorney-settles-civil-fraud-lawsuit-against-clothing-importers-engaged.

[123] U.S. Department of Justice, "Manhattan U.S. Attorney Announces Criminal And Civil Charges Against CEO Of Apparel Company For Engaging In Customs Fraud," September 24, 2021, https://www.justice.gov/usao-sdny/pr/manhattan-us-attorney-announces-criminal-and-civil-charges-against-ceo-apparel-compan-0.

[124] U.S. Department of Justice, "Miami Importer Pleads Guilty to Scheme to Evade U.S. Tariffs on Chinese-Made Truck Tires," December 6, 2024, https://www.justice.gov/usao-sdfl/pr/miami-importer-pleads-guilty-scheme-evade-us-tariffs-chinese-made-truck-tires.

- An HSI criminal investigation related to the smuggling of aluminum into the United States led to one of the largest AD/CVD evasion matters to date. In addition to obtaining guilty verdicts on two California-based companies and affiliated warehousing companies, those same entities agreed to pay more than $549.5 million in civil penalties to resolve allegations that they violated the FCA by knowingly and improperly evading, or conspiring to evade, antidumping and countervailing duties owed to the United States on more than 2.2 million aluminum extrusions in the form of "pallets," which they misrepresented to CBP as finished goods not subject to antidumping and countervailing duties. The investigation determined that the pallets were simply aluminum extrusions that were spot-welded together to make them appear to be functional pallets. In fact, there were no customers for these pallets, and no pallets were ever sold.[125]

- A Pennsylvania patio furniture company paid $4.9 million to resolve allegations that it violated the FCA when it evaded antidumping and countervailing duties on imported extruded aluminum by mischaracterizing patio furniture components. The company falsely claimed the aluminum was not subject to the specific AD/CVD orders, thereby avoiding the high remedial rates.[126]

- A California-based importer of multilayered wood flooring and its owners paid $8.1 million in civil penalties to resolve allegations that they violated the FCA by knowingly and improperly evading customs duties on imports of multilayered wood flooring.[127]

Shell Company Fraud

To shield themselves from liability, a company may use a shell company as the IOR. These shell companies often have no real assets and are dissolved shortly after the goods enter the country, a scheme intended to leave CBP with no one (or entity) to collect from if an audit reveals unpaid duties. The actual beneficiary of the goods remains hidden behind layers of corporate filings or third-party Customs brokers. When CBP attempts to collect back-duties or penalties, CBP finds shell company tactics such as a PO Box entity with an empty bank account.

- A sales representative of a manufacturer of extruded aluminum pleaded guilty to violating Title 18, Section 542, for arranging a transshipment and shell company scheme to avoid antidumping and countervailing duties, including establishing sham IORs.[128]

Customs Broker Fraud

Customs brokers can commit trade fraud by deliberately misclassifying goods, submitting fraudulent invoices to CBP that reflect a significantly lower purchase price than the actual amount paid to the foreign supplier, or otherwise facilitating other fraud schemes.

- A Customs broker was convicted of mail fraud and then sentenced to 10 months in prison followed by house arrest for his involvement in a scheme to evade federal tobacco excise taxes. The defendant defrauded the government of more than $500,000, which he was ordered in his criminal case to repay as restitution, by submitting

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[125] U.S. Department of Justice, "Perfectus Aluminum Inc. and Related Companies Agree to Pay $549.5M to Settle False Claims Act Allegations Relating to Evaded Customs Duties," May 12, 2026, https://www.justice.gov/opa/pr/perfectus-aluminum-inc-and-related-companies-agree-pay-5495m-settle-false-claims-act.

[126] U.S. Department of Justice, "Patio Furniture Company Grosfillex Inc. to Pay $4.9 Million to Resolve Allegations it Evaded Duties on Extruded Aluminum from the PRC," July 24, 2025, https://www.justice.gov/opa/pr/patio-furniture-company-grosfillex-inc-pay-49-million-resolve-allegations-it-evaded-duties.

[127] U.S. Department of Justice, "Evolutions Flooring Inc. and Its Owners to Pay $8.1 Million to Settle False Claims Act Allegations Relating to Evaded Customs Duties," March 25, 2025, https://www.justice.gov/opa/pr/evolutions-flooring-inc-and-its-owners-pay-81-million-settle-false-claims-act-allegations.

[128] *United States v. Robert Wingfield*, Case No. 3:15-cr-9, DE 11, Plea Agreement (M.D. Fla. April 22, 2015).

falsified documents to CBP that misrepresented the quantities of cigars being imported into the United States.[129]

Drawback Fraud (False Export Claims)

Drawback is a program in which the government refunds 99% of duties paid on imported goods if those goods are later exported. Fraud actors exploit this by filing drawback claims for exports that never actually occurred. They may submit forged bills of lading or reuse the same export documentation multiple times to claim several refunds on a single shipment. In some cases, they export sham or substitute goods while falsely claiming they contain the high-value imported items that originally carried heavy duties.

- Five individuals were indicted in a scheme to collect up to $40 million in fraudulent duty drawbacks by forging bills of lading and customs documentation to disguise exports of scrap tires sent to Asia as shipments of high-value virgin plastics. By falsely claiming these tire exports met the drawback qualifications for earlier plastic imports, the group illicitly secured millions of dollars in customs refunds before laundering the proceeds.[130]

Free Trade Agreement (FTA) Fraud

This scheme involves an importer claiming preferential duty rates under an FTA (like the United States-Mexico-Canada Agreement (USMCA)[131] or the U.S.-Jordan Free Trade Agreement[132]) for goods that do not actually qualify under the applicable Rules of Origin.[133] Fraud actors may use a swapping technique where they ship raw materials from a non-FTA country to an FTA partner, but instead of processing them, they substitute finished, non-qualifying goods for the return shipment to the United States. They then present a fraudulent Certificate of Origin to CBP to claim duty preferences, including duty-free treatment.[134] This effectively allows high-tariff goods entering the United States to evade duties by fraudulently claiming the preferential trade status of an FTA partner.

- An Indonesian jewelry manufacturer, co-owner, and employees were charged with criminal conspiracy to commit wire fraud for evading more than $86 million in duties by claiming Indonesian jewelry was made in Jordan. As alleged, the scheme involved shipping scrap gold to Jordan and swapping it for finished Indonesian jewelry to exploit the U.S.-Jordan Free Trade Agreement.[135]

- A German multinational corporation and its U.S. subsidiary agreed to pay more than $22 million to resolve allegations that they violated the FCA by knowingly making false statements concerning the application of free trade agreements on customs declarations to avoid paying duties owed on the companies' imports.[136]

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[129] U.S. Department of Justice, "Customs Broker Sentenced to Prison in Connection with Scheme to Evade Federal Excise Tax on Southern District of Florida," August 22, 2018, https://www.justice.gov/usao-sdfl/pr/customs-broker-sentenced-prison-connection-scheme-evade-federal-excise-tax-southern.

[130] U.S. Department of Justice, "Five Charged In Multi-Million Dollar International Customs Fraud Scheme," August 25, 2020, https://www.justice.gov/usao-ndca/pr/five-charged-multi-million-dollar-international-customs-fraud-scheme.

[131] 19 U.S.C. § 4501, et seq.

[132] 19 U.S.C. § 2112, note "United States-Jordan Free Trade Area Implementation."

[133] U.S. Customs and Border Protection, "Rules of Origin," February 26, 2020, https://www.cbp.gov/document/publications/rules-origin.

[134] U.S. Customs and Border Protection, "Certification of Origin Template," August 4, 2020, https://www.cbp.gov/document/guidance/certification-origin-template.

[135] U.S. Department of Justice, "Indonesian Jewelry Company, Co-Owner, and Two Other Employees Charged in Large-Scale Duty and Tariff Evasion Scheme," November 17, 2025, https://www.justice.gov/usao-nj/pr/indonesian-jewelry-company-co-owner-and-two-other-employees-charged-large-scale-duty-and.

[136] U.S. Department of Justice, "Multinational Industrial Engineering Company To Pay $22 Million To Settle False Claims Act Allegations Relating to Evaded Customs Duties," September 25, 2020, https://www.justice.gov/archives/opa/pr/multinational-industrial-engineering-company-pay-22-million-settle-false-claims-act.

Port Shopping

This scheme involves an IOR entering a good that was previously rejected at a different port. For example, when the FDA issues an Import Refusal,[137] requiring the goods to be destroyed or exported, an importer sometimes attempts to re-enter them at a different port, hoping the goods get through the second time around. This is a deliberate attempt to bypass a prior regulatory determination as well as health and safety screening designed to keep out dangerous, restricted, exploitative, adulterated, or adversarial materials and goods. Furthermore, the previous refusal is strong evidence that the IOR was aware that entry of the goods is "contrary to law."

- In an extensive and historic multi-phase trade fraud prosecution, the largest criminal AD/CVD prosecution in American history involved 27 defendants charged across multiple indictments with total losses of approximately $260 million. Among those schemes, an international distributor was indicted for orchestrating the delivery of honey shipments that had been previously rejected for containing prohibited antibiotics. HSI determined that the scheme utilized port shopping and other deceptive maneuvers as key tactics to bypass regulatory hurdles and screenings that were designed to prevent these adulterated goods from successfully entering into domestic commerce in violation of federal law. For this particular scheme, the DOJ charged FDCA felonies against the port shopping Customs broker.[138]

"Prior Notice" and Import Alerts Evasion for Regulated Food

To protect the food supply, the FDA requires Prior Notice for all food imports,[139] including infant formula and supplements. The FDA also issues Import Alerts to protect against goods with a history of known violations.[140] This typology involves submitting false commodity descriptions (such as, for example, declaring a perishable food item as "plastic granules" or "office supplies") to bypass FDA safety holds and Import Alerts. By falsely entering food and other FDA-regulated wares under generic HTS codes, importers avoid the risk of their goods being seized for failing to meet U.S. nutritional or labeling standards. This criminal offense introduces potentially unsafe or unvetted food products into domestic commerce, including to vulnerable populations such as infants and children.

- A Texas company entered into a deferred prosecution agreement and its sales director pleaded guilty to felony FDCA violations for allegedly purchasing imported honey containing chloramphenicol, a regulated broad-spectrum antibiotic that is restricted in the U.S. food supply because of its serious potential side effects on human beings.[141]

- An online seller of infant formula pleaded guilty to felony charges for smuggling European infant formula that did not meet FDA requirements. The company admitted to using false descriptions on customs documents to avoid detection of goods that were already subject to FDA Import Alerts.[142]

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[137] U.S. Food & Drug Administration, "Import Refusals," https://www.fda.gov/industry/fda-import-process/import-refusals.

[138] U.S. Department of Justice, "Two Companies And Five Individuals Charged With Roles In Illegal Honey Imports; Avoided $180 Million In Anti-Dumping Duties," February 20, 2013, https://www.justice.gov/usao-ndil/pr/two-companies-and-five-individuals-charged-roles-illegal-honey-imports-avoided-180 (commonly referred to as "Second Phase Operation"); *see also generally supra* note 65.

[139] U.S. Food & Drug Administration, "Filing Prior Notice of Imported Foods," July 31, 2020, https://www.fda.gov/industry/prior-notice-imported-foods/filing-prior-notice-imported-foods.

[140] U.S. Food & Drug Administration, "Import Alerts," March 3, 2025, https://www.fda.gov/industry/actions-enforcement/import-alerts.

[141] U.S. Department of Justice, "Two Companies And Five Individuals Charged With Roles In Illegal Honey Imports; Avoided $180 Million In Anti-Dumping Duties," February 20, 2013, https://www.justice.gov/usao-ndil/pr/two-companies-and-five-individuals-charged-roles-illegal-honey-imports-avoided-180; *see also 15th Report on Carcinogens*, "Chloramphenicol," National Library of Medicine, National Center for Biotechnology Information, https://www.ncbi.nlm.nih.gov/books/NBK590913/.

[142] U.S. Department of Justice, "Online Seller of Infant Formula Pleads Guilty to Smuggling and Violating FDA Prior Notice Requirements," November 21, 2025, https://www.justice.gov/opa/pr/online-seller-infant-formula-pleads-guilty-smuggling-and-violating-fda-prior-notice.

Forged Product Safety or Environmental Certifications (e.g., CPSC/EPA Fraud)

This fraud occurs when an importer submits forged or altered certifications to prove compliance with regulatory standards. For instance, an importer of children's toys might forge a Children's Product Certificate to hide the presence of lead or phthalates.[143] Similarly, importers of engines or chemicals may submit fake or fraudulent EPA Certificates of Conformity regarding emissions or toxic substance control.[144]

- A subsidiary of a car manufacturer pleaded guilty and agreed to pay more than $1.6 billion to resolve criminal and civil charges stemming from the fraudulent importation of more than 105,000 diesel engines into the United States. To bypass federal laws, the company submitted falsified emissions and fuel economy data to the EPA to obtain the Certificates of Conformity required for legal entry at U.S. ports.[145]

Failure to Report Dangerous or Defective Products or Adverse Events

As discussed above (see supra "Mandatory Reporting of Product Defects and Adverse Events to PGAs"), regulators require certain mandatory reporting of adverse events or product defects concerning imported goods. These various reporting frameworks are designed to facilitate rapid government intervention and public notification to mitigate risks posed by hazardous imported goods. Fraud actors may evade these requirements, putting Americans' health and safety at risk.

- A New Jersey corporation that sold office and home appliances was sentenced to pay an $8 million criminal penalty as well as restitution to victims for failing to report dangerously defective air conditioners, allegedly linked to more than 40 fires and one death, to the CPSC. The company also agreed to a civil settlement that included a civil penalty of more than $16 million.[146]

- A Southern California company and two executives were charged civilly and criminally for willfully failing to report defective, fire-prone imported dehumidifiers to the CPSC. The company admitted that despite knowing the goods were dangerous and failed to meet safety standards, it continued to sell them for months and delayed reporting the defects to federal authorities. The total monetary penalty in the matter was more than $91 million.[147]

False Declaration of Regulated Commodities

To bypass USDA and CBP agriculture inspections, importers may falsely declare high-risk food products (such as, for example, pork or poultry from disease-affected regions) as less-likely-to-be-inspected items such as footwear or plastic toys. This fraud is particularly dangerous as it risks introducing foreign animal diseases or invasive pests into the U.S. ecosystem. Fraud actors may exploit the reality of high-volume container traffic or low-value shipments, hoping that the generic HTS code will prevent an Agriculture Hold on the shipment.[148]

- CBP seized more than 1,000 pounds of "chicken lollipops" (a banned pet treat) manifested as men's sweaters.[149]

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[143] U.S. Consumer Product Safety Commission, "Children's Product Certificate," https://www.cpsc.gov/Business--Manufacturing/Testing-Certification/Childrens-Product-Certificate.

[144] *See* 40 C.F.R. § 1036.255.

[145] U.S. Environmental Protection Agency, "Hino Motors, a Toyota Subsidiary, Agrees to Plead Guilty and Pay Over $1.6B to Resolve Emissions Fraud Scheme," January 15, 2025, https://www.epa.gov/newsreleases/hino-motors-toyota-subsidiary-agrees-plead-guilty-and-pay-over-16b-resolve-emissions.

[146] U.S. Department of Justice, "New Jersey Company Sentenced for Failing to Report Dangerously Defective Air Conditioners to the Consumer Product Safety Commission," April 28, 2026, https://www.justice.gov/opa/pr/new-jersey-company-sentenced-failing-report-dangerously-defective-air-conditioners-consumer.

[147] U.S. Department of Justice, "Gree U.S. Subsidiary Sentenced for Failure to Report Dangerous Dehumidifiers," April 24, 2023, https://www.justice.gov/archives/opa/pr/gree-us-subsidiary-sentenced-failure-report-dangerous-dehumidifiers.

[148] U.S. Customs and Border Protection, "Bringing Agricultural Products Into the United States," https://www.cbp.gov/travel/clearing-cbp/bringing-agricultural-products-united-states.

[149] U.S. Customs and Border Protection, "CBP Seizes Chicken Lollipops," April 20, 2021, https://www.cbp.gov/newsroom/local-media-release/cbp-seizes-chicken-lollipops.

Illegal Timber and Wildlife Laundering (Lacey Act, Endangered Species Act, among others)

Fraud actors in this category import protected timber or endangered wildlife products by declaring them as common, nonprotected species on customs forms. Under the Lacey Act, it is illegal to import plants or wildlife taken in violation of foreign or domestic laws, yet bad actors use forged permits to move high-value wood such as rosewood or Burmese teak.

- A publicly traded company was criminally sentenced for purchasing lumber that was illegally imported in that the IOR had violated the Lacey Act, avoided tariffs, and evaded antidumping and countervailing duties. The company demonstrated willful blindness to this scheme: Despite being aware of a federal raid on the importer's warehouse, the company placed ten additional orders within the two weeks following the search.[150]

- A Washington-based corporation was criminally sentenced for its role in importing illegally sourced mahogany from the Amazon rainforest in violation of the Lacey Act. The company admitted to purchasing the wood despite receiving documentation that failed to prove the timber was harvested from an authorized concession.[151]

- A Miami-based Customs broker pleaded guilty to violating the Lacey Act by illegally importing and possessing endangered wildlife. The company admitted to transporting more than 468 grams of Siberian sturgeon caviar into the United States without the required CITES permits or official customs declarations.[152]

- A Nashville-based guitar manufacturer resolved a criminal investigation into Lacey Act violations concerning importing protected wood. The investigation found that the company continued to purchase protected ebony even after company representatives were informed of a ban on its export. In addition to financial penalties, the company committed to implementing a rigorous compliance program to ensure all future wood acquisitions adhere to international and domestic law.[153]

Importing Adulterated Drugs and Devices

FDA-regulated goods are a high risk for trade fraud especially where illicit actors exploit commercial international carriers and bulk shipments to circumvent customs. This typology often utilizes bulk shipments via private couriers to bypass mandatory federal oversight, effectively introducing unapproved foreign pharmaceuticals into the domestic market.

- Two individuals pleaded guilty to federal charges for introducing adulterated and non-FDA-approved animal drugs, specifically the potent sedative xylazine, into Puerto Rico. The primary scheme involved mailing bulk shipments of foreign-manufactured veterinary medications via commercial carriers to circumvent U.S. import regulations and FDA approval processes. Furthermore, the scheme utilized the illicit sale and delivery of these unapproved prescription drugs by individuals who lacked the necessary veterinary licenses required by the FDCA.[154]

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[150] U.S. Department of Justice, "Boise Cascade Pleads Guilty and Is Sentenced for Violating the Lacey Act for Its Role in a Timber Trafficking Scheme," April 27, 2026, https://www.justice.gov/opa/pr/boise-cascade-pleads-guilty-and-sentenced-violating-lacey-act-its-role-timber-trafficking.

[151] U.S. Department of Justice, "U.S. Corporation Sentenced for Importing Illegally-Sourced Wood from the Amazon," September 3, 2021, https://www.justice.gov/archives/opa/pr/us-corporation-sentenced-importing-illegally-sourced-wood-amazon.

[152] U.S. Department of Justice, "Customs Broker, Data Freight Corporation Pleads Guilty To Illegal Importing Of Endangered Wildlife," August 23, 2013, https://www.justice.gov/usao-sdfl/pr/customs-broker-data-freight-corporation-pleads-guilty-illegal-importing-endangered.

[153] U.S. Department of Justice, "Gibson Guitar Corp. Agrees to Resolve Investigation into Lacey Act Violations," August 6, 2012, https://www.justice.gov/archives/opa/pr/gibson-guitar-corp-agrees-resolve-investigation-lacey-act-violations.

[154] U.S. Department of Justice, "Two Individuals Plead Guilty for Introducing Adulterated Animal Drugs into Puerto Rico," March 11, 2026, https://www.justice.gov/usao-pr/pr/two-individuals-plead-guilty-introducing-adulterated-animal-drugs-puerto-rico.

Conclusion

Our nation's trade, customs, and other adjacent laws were designed to ensure transparency, raise revenue, protect the public's health and safety, and ensure a fair playing field for honest companies and supply chain actors. These laws bolster competition in our marketplace that is based on the quality, safety, and price of a good, while providing mechanisms of enforcement against those who gain an unfair advantage, whether they act deliberately, recklessly, negligently, or otherwise.

This Guide is designed to serve as a practical resource to help businesses, individuals, and their attorneys and professionals, as well as the public, understand the enforcement considerations regarding trade, customs, and other adjacent fraud and illegal conduct. This Guide should encourage compliance with trade, customs, and adjacent laws in effective, practical, and efficient ways.

Through public-private engagement as well as our ongoing efforts with the domestic and international business communities, the legal profession, and our many federal, state, and international law enforcement partners, the DOJ, U.S. Attorneys' Offices, DHS, and other agency partners will continue to protect the integrity of our global markets, secure our supply chains, safeguard the health and safety of the public, punish bad actors, encourage compliance, and ensure that those who play by the rules are not disadvantaged by those who do not. Strict compliance by the private sector and robust civil and criminal enforcement by the U.S. government are key to achieving this state of success.