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DOJ Trade Fraud Task Force Recoveries Top $1 Billion in Under a Year

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On July 14, 2026, the US Department of Justice (DOJ) announced that the Trade Fraud Task Force (TFTF), launched last August in partnership with the Department of Homeland Security (DHS), has "surpassed $1 billion in civil and criminal recoveries, penalties, forfeitures, and publicly charged losses." The DOJ emphasized that the TFTF targets not only duty evasion but also imported goods that violate US law, such as those made with forced labor or that "threaten public health and safety."

The announcement also highlighted two significant institutional developments: a new unit within the recently established National Fraud Enforcement Division (NFED) will focus on criminal trade fraud prosecution, and the US Attorney's Office for the Northern District of Illinois has been designated as the TFTF's "lead prosecutorial partner."

As we discussed in our September 2025 blog post covering the TFTF's launch, trade fraud enforcement has become one of the DOJ's top priorities, and the agency continues to encourage whistleblower participation. Companies with global supply chains should consider reviewing and strengthening their compliance programs in light of the DOJ's evolving enforcement priorities. More on this, and the TFTF's enforcement activity, below.

Scope of TFTF's enforcement mandate

The TFTF's enforcement authority is broad in both scope and geographic reach. According to the DOJ, the TFTF "covers the entire supply chain" and has a "nationwide mandate to investigate and prosecute trade fraud and related cases." That mandate extends beyond evasion of customs duties to include "down-chain activities involving merchandise entered contrary to law when done with knowledge of the illegal entry," such as marketing and selling defective imported goods.

Case in point: The press release highlighted the criminal prosecution of a New Jersey corporation that allegedly imported and sold more than 33,000 defective air conditioners linked to multiple fires and one death. The company pleaded guilty to violating the Consumer Product Safety Act and admitted that it willfully failed to report the defective products to the Consumer Product Safety Commission. The company was sentenced to pay a criminal fine of $8 million and separately agreed to a civil settlement of $16 million with the government. At a press conference announcing the TFTF's recoveries, Assistant Attorney General Colin McDonald, head of the NFED, cited this case and stated that "lying to the government directly introduces hazardous goods into American homes, and all should know that doing so is a fast track to prosecution."

The TFTF's reach extends beyond importers and customs brokers to downstream purchasers who knowingly benefit from illegally imported goods. The DOJ's press release highlighted one such case involving a public company that purchased more than $30 million of plywood from a supplier that had smuggled the wood and falsified import declarations to evade customs duties. According to the DOJ, the public company placed some of the purchase orders despite knowing that the supplier had tried to conceal the wood's origin and was under federal investigation. The public company pleaded guilty and was sentenced to pay a $6.4 million fine – twice the alleged gross profits it earned from the illegal wood. Commenting on this case, McDonald noted, "If you ignore supplier red flags to pad your margins, you will be held accountable."

More than half of the $1 billion in recoveries stem from a single, long-running investigation involving alleged evasion of antidumping and countervailing duties on aluminum extrusions by several California-based aluminum and warehousing companies between 2011 and 2014. In May, the defendants agreed to pay $549.5 million (to be fulfilled through the sale of warehouses and the aluminum extrusions) to resolve False Claims Act (FCA) lawsuits filed by whistleblowers. According to McDonald, the settlement "represented the largest civil customs settlement in False Claims Act history."

DOJ focus on individual liability

In addition to pursuing corporate liability, the DOJ has indicated that individuals may also face liability in trade fraud cases. McDonald emphasized that "corporate structures will not shield executives from personal criminal liability."

Underscoring that point, the press release highlighted new charges by the Northern District of Illinois against three individuals who imported gold jewelry and allegedly falsified the jewelry's country of origin to avoid paying customs duties.

New criminal trade fraud prosecution unit and resource guide

Established in April 2026, the NFED is the DOJ's new division for investigating and prosecuting fraud against federal government programs. At the July 14 press conference, McDonald announced that the NFED has created a specialized litigating component called the Global Trade & Commerce Enforcement Section (GTCES), which will serve as "the department's front door for criminal trade and customs fraud enforcement."

Concurrently, the DOJ and DHS released a Resource Guide to Trade Fraud Enforcement, which provides an overview of the customs entry process, potential civil and criminal enforcement mechanisms, and common trade fraud "typologies." According to the DOJ, the guide is a "roadmap for cross-border compliance and enforcement priorities" and "provides critical information to enterprises of all sizes."

Whistleblowers, compliance programs and leniency

The DOJ continues to encourage whistleblowers to report potential trade fraud, whether through the DOJ Criminal Division's Corporate Whistleblower Program or through qui tam actions under the FCA. In addition, many US Attorney's Offices have launched their own whistleblower programs. The Northern District of Illinois, for example, adopted its Individual Self-Disclosure Program in May 2026 after a pilot program that began in September 2024. Under this program, individuals who fully and voluntarily report criminal wrongdoing in white-collar matters can receive certain benefits, including immunity, a deferred or non-prosecution agreement, or recommendation for a reduced sentence. McDonald noted that whistleblowers are "highly valuable" and "are coming forward even more regularly" now that the DOJ is focusing on trade fraud enforcement.

As we previously discussed, whistleblowers could receive significant financial awards under the FCA's qui tam provisions: A whistleblower who brings a successful qui tam suit may be awarded 15% to 30% of the recovery. In the aluminum extrusions case discussed above, for example, the whistleblowers will receive 17.5% of the net proceeds from the $549.5 million settlement.

The central role of whistleblowers in trade fraud cases underscores why effective compliance programs and internal reporting systems matter. The new resource guide is explicit on this point: "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." The guide further states that the DOJ will examine "whether the failure was a result of negligence, reckless disregard, willful blindness to signs of fraud, or intentional criminality." In other words, the DOJ may treat the absence of an effective compliance program as evidence of scienter to support culpability.

An effective compliance program also helps companies spot potential issues early enough to consider making a voluntary self-disclosure to the DOJ. As we discussed in our March 2026 blog post, the DOJ has adopted a unified, department-wide Corporate Enforcement and Voluntary Self-Disclosure Policy (CEP) that incentivizes voluntary self-disclosure, cooperation and remediation. Companies that meet the criteria may be eligible for a full declination. Importantly, when a whistleblower has already made a complaint to the DOJ, companies have a 120-day window to self-report in order to meet the threshold requirement. Therefore, companies that receive whistleblower reports or become aware of potential issues should consult counsel promptly to assess next steps, including whether a voluntary self-disclosure may be appropriate.

Key takeaways

- The TFTF has a broad enforcement mandate that extends well beyond duty evasion. Companies throughout the supply chain – including importers, customs brokers and downstream purchasers – may face potential criminal and civil exposure for violations involving illegally imported goods.
- Whistleblowers are playing a central role in trade fraud enforcement, and the DOJ continues to incentivize their participation. Companies should consider assessing whether their compliance programs are appropriately designed to identify and address potential issues.

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