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False Claims Act in 2025: An Analysis of Trade Fraud Enforcement Cases

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By: Olga Torres, Managing Member
& Mary Abi-Karam, Legal Intern

In fiscal year 2025, the United States government recovered over \$6.8 billion in False Claim Act (FCA) settlements, announced in a Department of Justice press release on January 16. While the largest portion of settlements concerned the federal healthcare system, a portion of the cases focused on evasion of tariffs and customs duties, or trade fraud.¹

Trade fraud involves misrepresentations about imported goods, false country-of-origin statements, or other concealment intended to reduce or avoid duty liability. This conduct deprives the government of revenue, harms domestic industries, undermines consumer confidence, and can implicate national security concerns. In FY 2025, the DOJ prioritized enforcement against tariff and customs duty evasion, including by launching an interagency Trade Fraud Task Force in August 2025.²

In its press release, the DOJ reiterated its commitment to incentivizing voluntary compliance and cooperation. Cooperation during an investigation can include assisting with the calculation of government losses, disclosing internal investigative findings and facts not previously known to the government, strengthening compliance controls, and taking appropriate personnel actions, including terminating or separating culpable employees. Notably, recent resolutions have credited defendants who promptly self-disclosed misconduct, provided substantial cooperation, and implemented effective remediation. These measures can result in reduced penalties or lower damages multipliers, as reflected in settlement terms.³

Moreover, in FY 2025, the DOJ pursued a large volume of *qui tam* cases; a *qui tam* action is the False Claims Act's mechanism for deputizing private parties into public enforcement. Rather than requiring the government to discover and prosecute every instance of fraud on its own, the statute permits a private relator, typically someone with nonpublic access to the underlying conduct, to file suit in the name of the United States alleging that false claims were submitted for payment or that money owed to the government was improperly avoided. Where the action results in a recovery, the relator may receive a statutory share of the proceeds.

Standout Cases FY 2025

U.S. Customs and Border Protection (CBP) is the primary federal agency responsible for administering and enforcing U.S. customs laws. In practical terms, CBP oversees the import "entry" process by requiring importers (or their customs brokers) to file entry summaries and supporting documentation that accurately state what the goods are, how they should be classified, what they are worth, where they originate, and what duties are owed. CBP then verifies those declarations through a mix of front-end screening and back-end enforcement: risk-based targeting of shipments, document requests (commercial invoices, purchase orders, proof of payment, shipping records), examinations when warranted, and post-entry audits and compliance reviews.

Where CBP identifies indicia of intentional misstatements or schemes designed to evade duties (such as undervaluation, false invoicing, or origin misrepresentation), it may pursue administrative enforcement to

¹ Press Release, Off. of Pub. Affs., U.S. Dep't of Just., *False Claims Act Settlements and Judgments Exceed \$6.8B in Fiscal Year 2025* (Jan. 16, 2026) (Press Release No. 25-36), <https://www.justice.gov/opa/pr/false-claims-act-settlements-and-judgments-exceed-68b-fiscal-year-2025>.

² Press Release, Off. of Pub. Affs., U.S. Dep't of Just., *Departments of Justice and Homeland Security Partnering on Cross-Agency Trade Fraud Task Force* (Aug. 29, 2025) (Press Release No. 25-893), <https://www.justice.gov/opa/pr/departments-justice-and-homeland-security-partnerin-agency-trade-fraud-task-force>.

³ Press Release, Off. of Pub. Affs., U.S. Dep't of Just., *False Claims Act Settlements and Judgments Exceed \$6.8B in Fiscal Year 2025* (Jan. 16, 2026) (Press Release No. 25-36), <https://www.justice.gov/opa/pr/false-claims-act-settlements-and-judgments-exceed-68b-fiscal-year-2025>.

recover unpaid duties and assess penalties. CBP may also refer matters to the DOJ for criminal investigation or civil enforcement, including under the FCA when the alleged conduct involves knowing false statements or conduct that results in the improper avoidance of monies owed to the United States.

Below is a selection of DOJ trade fraud cases from FY 2025:

Transshipment Fraud Cases

December 2025: Ceratizit USA LLC (Ceratizit), a North Carolina-based distributor of tungsten carbide materials, agreed to pay \$54.4 million to resolve DOJ allegations under the FCA. Filed under the statute's *qui tam* (whistleblower) provisions, the relator alleged that Ceratizit knowingly failed to pay duties owed on tungsten carbide products imported into the United States from the People's Republic of China (PRC). At the time, the products were subject to Section 301 of the Trade Act of 1974 (Section 301) tariffs on Chinese-origin goods. The DOJ alleged that Ceratizit transshipped Chinese products through Taiwan first to avoid Section 301 tariff liability. Transshipment is the routing of goods through an additional country on the way to their real destination, often used to obscure the true country of origin. The DOJ further alleged that Ceratizit did not mark certain goods with the correct country of origin before redistributing to U.S. consumers.⁴

Country-of-Origin Fraud Cases

March 2025: The DOJ pursued a major country-of-origin trade fraud against Evolution Flooring Inc., a California-based flooring importer. The United States alleged FCA violations based on the misrepresentation of the country of origin of imported flooring. Evolution Flooring agreed to pay \$8.1 million to resolve the allegations. The case was filed under the FCA's *qui tam* provisions, and the relator, Urban Global LLC, will receive approximately \$1,215,000 of the settlement proceeds.

July 2025: The DOJ reached a \$6.8 million settlement with Global Plastics LLC (Global Plastics) and Marco Polo International LLC (MPI), both subsidiaries of MGI International LLC (MGI), for knowingly failing to pay customs duties on imported goods from the PRC by misrepresenting country of origin of imported merchandise. In this instance, the DOJ noted that MGI cooperated with the investigation. Notably, MGI made a voluntary self-disclosure (VSD), conducted an independent internal investigation, provided facts not previously known to the government, assisted with a damages estimate, and implemented long-term improvements to compliance procedures. Ultimately, MGI received credit from the Department for these measures.⁵

Undervaluation Cases

April 2025: The United States filed an FCA complaint against Barco Uniforms Inc. (Barco), Kenny Chan, and David Chan, alleging that they knowingly underpaid customs duties owed on imported clothing and apparel produced in the PRC. The complaint was filed under the FCA's *qui tam* provisions. The government alleged that the defendants misrepresented the true transaction

⁴ Press Release, Off. of Pub. Affs., U.S. Dep't of Just., *Ceratizit USA LLC Agrees to Pay \$54.4M to Settle False Claims Act Allegations Relating to Evaded Customs Duties* (Dec. 18, 2025) (Press Release No. 25-1206), <https://www.justice.gov/opa/pr/ceratizit-usa-llc-agrees-pay-544m-settle-false-claims-act-allegations-relating-evaded-0>.

⁵ Press Release, Off. of Pub. Affs., U.S. Dep't of Just., *Importers Agree to Pay \$6.8M to Resolve False Claims Act Liability Relating to Voluntary Self-Disclosure of Unpaid Customs Duties* (July 23, 2025) (Press Release No. 25-739), <https://www.justice.gov/opa/pr/importers-agree-pay-68m-resolve-false-claims-act-liability-relating-voluntary-self>.

value of the imported garments. Specifically, Barco allegedly submitted entry documentation understating the value of the merchandise so CBP would assess duties on an artificially low amount. The DOJ further alleged that the underpayment continued even after a third-party auditor flagged the risk. The DOJ has not officially announced a settlement.⁶

Product Misrepresentation Cases

July 2025: The DOJ reached a \$4.9 million settlement with Grosfillex Inc. after the company engaged in the evasion of antidumping and countervailing duties (AD/CVD). Specifically, Grosfillex attempted to disguise aluminum extrusion parts (i.e., long aluminum shapes used for frames, rails, etc.) subject to AD/CVD by packaging them to look like “furniture kits,” which were not subject to AD/CVD.

August 2025: Allied Stone Inc. agreed to pay \$12.4 million to resolve DOJ allegations under the FCA for knowingly evading customs duties. Specifically, the DOJ alleged Allied Stone misrepresented Chinese quartz surface products as other merchandise to knowingly evade AD/CVD between 2018 and 2023.⁷

Ultimately, the DOJ’s January 16 press release reinforces that FCA enforcement is being used to protect public funds beyond the healthcare industry. For contractors, importers, and suppliers operating in the trade ecosystem, the takeaway is that the DOJ, through the FCA and its *qui tam* provisions, is increasingly scrutinizing documentary accuracy, compliance controls, and the accuracy of sourcing and country-of-origin representations, as well as other tariff and duty liability issues.

For an in depth discussion on the DOJ and trade enforcement matters, please tune in to the Torres Trade Law podcast with a former United States Attorney for the Southern District of Texas [HERE](#).

⁶ Press Release, Off. of Pub. Affs., U.S. Dep’t of Just., *United States Files Complaint Against Barco Uniforms and Its Suppliers, Alleging False Claims Act Violations in Connection with Underpaid Customs Duties* (Apr. 18, 2025) (Press Release No. 25-401), <https://www.justice.gov/opa/pr/united-states-files-complaint-against-barco-uniforms-and-its-suppliers-alleging-false-claims>.

⁷ Press Release, Off. of Pub. Affs., U.S. Dep’t of Just., *Allied Stone Inc. and Company Official Agree to Pay \$12.4M to Settle False Claims Act Allegations Relating to Evaded Customs Duties* (Aug. 19, 2025) (Press Release No. 25-863), <https://www.justice.gov/opa/pr/allied-stone-inc-and-company-official-agree-pay-124m-settle-false-claims-act-allegations>.



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Questions? Contact Us:

Call 202.851.8200 or 214.295.8473

Email Info@torrestradelaw.com

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