

Companies Face Heightened Trade Enforcement Risks From DOJ and OBBB Act

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On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act (the “OBBB Act”), which significantly increases funding for the Department of Justice (“DOJ”) and U.S. Customs and Border Protection (“CBP”), among other enforcement agencies. Coupled with the recent [announcement](#) from DOJ’s Criminal Division that its “priority areas of focus” include trade, tariff, and customs fraud by companies, the passage of the OBBB Act markedly increases the risk of enforcement in this area. In particular, DOJ has signaled that it will use the False Claims Act (“FCA”) aggressively to pursue companies that seek to evade tariffs. Companies should ensure they have reviewed their trade compliance processes and controls to mitigate the heightened risk.

Tariff Evasion and FCA Liability. The OBBB Act provides a major funding boost to agencies that enforce U.S. tariffs, including CBP. At the same time, DOJ is ramping up efforts to bring civil and criminal investigations and enforcement actions against companies for tariff evasion.

DOJ’s Market Integrity and Major Frauds Unit (MIMF), in the Fraud Section of the Criminal Division, historically has focused on securities, commodities, and procurement fraud. But [reports](#) indicate that it is being revamped (and renamed the Market, Government, Consumer Fraud Unit), and will devote substantial resources to trade cases, including tariff evasion schemes.

The FCA’s “reverse false claims” provision gives DOJ power to pursue companies that fail to pay required tariffs. A reverse false claim involves knowingly making false statements or concealing information to reduce or avoid an existing financial obligation to the government. DOJ also can pursue companies on a conspiracy theory, alleging that they caused or assisted another company in evading tariffs.

For example, on July 15, 2025, DOJ intervened under the FCA in *United States ex rel. Joyce v. Global Office Furniture, LLC*, alleging that a South Carolina office furniture company evaded tariffs by employing a “double-invoicing” scheme. DOJ claimed that the company, Global Office Furniture (“GOF”), submitted false invoices to CBP to pay lower tariffs on office furniture it imported from China. The false invoices reflected a

significantly lower price for the furniture than GOF paid, allowing the company to avoid at least \$2 million in duties.

Other FCA actions on trade issues have centered on:

- **Undervaluation of imported goods:** In April 2025, DOJ [filed](#) an FCA action against a company for undervaluing apparel it imported from China.
- **Misrepresenting the country of origin:** In March 2025, DOJ reached an \$8.1 million [settlement](#) with a company for misrepresenting the identity of the manufacturers and country of origin of imported wood flooring.
- **Mislabeling imported goods:** In March 2024, DOJ entered into a \$3.1 million [settlement](#) with the owner of a company for mislabeling hazardous chemicals, resulting in an underpayment of duties.
- **Supply chain liability:** A company that is not itself required to pay tariffs may be charged with conspiring with or causing an importer to evade tariffs. In 2016, DOJ reached a \$13 million [settlement](#) with both the importer and the manufacturer of goods that entered the United States without required duties having been paid.

A civil violation of the FCA can result in significant monetary penalties, including treble damages (three times the government's losses) and civil penalties. Companies attempting to import merchandise using false documentation also may be subject to large fines (in some cases up to the full value of the merchandise), regardless of whether they were successful in evading tariffs (see 19 U.S.C. 1592). Additionally, under the Trump administration's July 31, 2025 [Executive Order](#) ("Further Modifying The Reciprocal Tariff Rates"), goods which are rerouted to an intermediary country to conceal the goods' true country of origin (a practice known as "transshipment") will be subject to an additional 40% duty. Further, DOJ can prosecute willful cases of tariff evasion criminally (see 18 U.S.C. 287).

Whistleblowers have significant incentives to report suspected tariff evasion to DOJ. Under the FCA, a whistleblower may be eligible for a share of any funds recovered by the government. And DOJ has recently expanded its criminal whistleblower programs to explicitly [encompass tariff violations](#).

To reduce risks, companies involved in importing goods to the United States should carefully evaluate their trade compliance processes. Proactive audits of tariff classification and country-of-origin labeling can help unearth fraudulent schemes that may be proceeding undetected. Under the July 31, 2025 Executive Order, CBP must publish a list of countries and facilities used to circumvent tariffs; companies should

review these lists as part of their compliance controls. Customs compliance should become a core component of due diligence on contemplated transactions. Strengthening internal whistleblower protections and reporting mechanisms, and rigorously investigating complaints, can help ensure that a company learns about—and can respond to—potential violations before they become the subject of a government investigation.

End of the *De Minimis* Exemption. Companies also face exposure arising from the recent repeal of the “*de minimis*” exemption, which historically has been widely used to avoid tariffs on many goods. Last year, over a billion shipments entered the U.S. under this exemption.

The *de minimis* rule—codified in Section 321 of the Tariff Act of 1930—allowed goods valued at or under \$800 to enter the United States duty-free and with minimal processing. The OBBB Act eliminates this exemption for all commercial shipments from all countries, effective July 2027. But on July 30, 2025, President Trump issued an Executive Order advancing the effective date to August 29, 2025 for most imports, seeking to supersede the effective date set in the legislation. This Executive Order may be challenged in court.

Section 70531(a) of the OBBB Act creates civil monetary penalties for misuse of the *de minimis* exemption. The OBBB Act also provides increased funding for screening technology at borders and ports of entry, which will likely result in closer scrutiny of shipments.

Importers—especially those that have historically relied on the *de minimis* exemption—should take steps to ensure compliance. Audits and due diligence screening should focus on potential efforts to undervalue goods, split shipments to artificially stay below the threshold, or to make false declarations as to the origin of a shipment. Companies should also evaluate potential vulnerabilities in their supply chains related to the valuation and classification of goods.

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