

Chicago U.S. Attorney's Office Named Lead Prosecutorial Partner on Trade Fraud Task Force, Emphasizing DOJ's Increased Use of False Claims Act in Customs Fraud Cases

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On February 24, 2026, the U.S. Department of Justice (DOJ) and the U.S. Department of Homeland Security (DHS) jointly announced that the U.S. Attorney's Office in Chicago would be a lead prosecutorial partner on the recently launched interagency Trade Fraud Task Force. Originally launched on August 29, 2025, the Trade Fraud Task Force aims to aggressively pursue importers, purchasers, supply chain actors, and other entities engaged in customs fraud, including duty evasion, misclassification of goods, and smuggling of prohibited items. The appointment of the Chicago U.S. Attorney's Office to lead the Task Force signals DOJ's commitment to designate substantial resources to its initiative to combat customs and trade fraud.

Chicago U.S. Attorney Andrew S. Boutros brings significant experience to this role. According to DOJ's press release announcing the selection, during his prior tenure as an Assistant U.S. Attorney in the Northern District of Illinois, Boutros led DOJ's largest-ever criminal trade fraud prosecutions, involving six separate cases spanning 27 corporate and individual defendants across multiple indictments, with losses totaling approximately US\$260M. Those cases provide valuable insight into how the Task Force is likely to build future criminal prosecutions.

TRADE FRAUD TASK FORCE OBJECTIVES

The Trade Fraud Task Force is charged with pursuing those who violate customs laws through duty and penalty collection actions under the Tariff Act of 1930, actions under the False Claims Act (FCA), and, where appropriate, parallel criminal prosecutions, penalties, forfeitures, and seizures. This coordinated approach signals heightened risk for importers and increased scrutiny of customs compliance programs.

FALSE CLAIMS ACT AS AN ENFORCEMENT TOOL

The FCA is a federal law that imposes liability on individuals and companies that knowingly submit, or cause to be submitted, false claims to the government. FCA liability can also arise when a person or company knowingly uses a false record to support a false claim or knowingly avoids an obligation to pay the federal government. Over the past three decades, the FCA has evolved into one of the government's most powerful tools for fighting fraud across a wide range of sectors, including healthcare, defense, and now, increasingly, international trade and customs enforcement.

The following are key aspects of the FCA:

- **Knowledge Standard:** Liability under the FCA does not require actual intent to defraud. It applies to actions taken with deliberate ignorance or reckless disregard of the truth or falsity of the information.
- **Treble Damages and Substantial Financial Penalties:** Violators may face substantial financial liability, including three times the government’s damages plus substantial per-claim penalties (currently US\$13,946 to US\$27,894 per claim, adjusted for inflation on an annual basis).
 - Indeed, in fiscal year 2025 alone, the United States obtained a record US\$6.8B in settlements and judgments from civil cases involving fraud and false claims in connection with government programs and/or funds.[1]
- **Qui Tam Provisions:** The FCA includes *qui tam* provisions that allow a whistleblower, referred to as a “relator,” to file a complaint alleging violations of the FCA on behalf of the United States. The *qui tam* complaint remains under seal while the government investigates the allegations and determines whether to “intervene” and take over the prosecution of the case or “decline to intervene,” leaving the relator with the option to pursue the litigation on behalf of the government. Relators have substantial financial incentives to bring forward their allegations of fraud under the FCA, as they are generally entitled to receive 15%–30% of any recovered funds (the variability of which depends on several factors, including whether the United States decides to intervene).

FALSE CLAIMS ACT USE IN CUSTOMS CASES

In the past year, DOJ has increasingly pursued FCA claims in customs fraud cases, expanding beyond traditional trade enforcement channels. Recent FCA settlements have involved a wide range of imported goods, signaling that no sector is immune. For example, DOJ’s Commercial Litigation Branch reached civil settlements in the multilayered wood flooring, plastic resin, extruded aluminum products, and quartz surface products industries to resolve allegations of improperly evaded customs duties.

In June 2025, the Ninth Circuit affirmed in *Island Industries Inc. v. Sigma Corp.* that the FCA applies to customs fraud, reinforcing that FCA claims can proceed in parallel with actions under the Tariff Act of 1930. The Ninth Circuit upheld a jury verdict finding that Sigma Corp., a pipe importer, was liable under the FCA for making false statements on customs forms to avoid paying tariffs on some of its imports from China. The jury in the lower court found that Sigma Corp. (1) declared that the products it was importing were not subject to antidumping duties and (2) described the products as steel couplings even though it marketed them to customers as welded outlets. The Ninth Circuit held that the evidence at trial was plainly sufficient to support the jury’s verdict in the plaintiff’s favor under either of its theories of liability.

On December 18, 2025, a North Carolina–based distributor of tungsten carbide products, Ceratizit USA LLC, agreed to pay US\$54.4M to resolve allegations that it violated the FCA by knowingly and improperly failing to pay duties owed on tungsten carbide products imported from China. The United States alleged that Ceratizit knew the products had been manufactured in China but misrepresented that they originated in Taiwan to avoid paying the applicable § 301 tariffs. The government also alleged that Ceratizit knowingly used the incorrect Harmonized Tariff Schedule code for the tungsten carbide products to further reduce the duties owed to U.S. Customs and Border Protection. The case was initiated by Mark Stover, a whistleblower in the metalworking industry who filed a *qui tam* complaint against the company on behalf of the United States for false claims and received US\$9.75M as his relator’s share of the government’s total recovery.

IMPLICATIONS FOR U.S. IMPORTERS

The creation of the interagency Trade Fraud Task Force underscores DOJ’s commitment to using every available tool, including the FCA and its whistleblower provisions, to combat trade fraud. All importers, regardless of size or industry, should proactively evaluate their customs compliance programs and take steps to minimize the risks of potential FCA exposure.

Importers and supply chain participants should take proactive steps, including the following:

- Conducting comprehensive audits of sourcing and importing practices
- Reviewing classification, valuation, and country-of-origin determinations

- Strengthening internal customs compliance programs
- Evaluating procedures for documenting duty payments and preferential-duty claims
- Considering voluntary disclosures where appropriate
- Thoroughly investigating and remediating issues identified via whistleblowers

DOJ and DHS are sending a clear message: Trade fraud enforcement is a top priority, and all U.S. importers are under increased scrutiny. Proactive compliance is essential to avoid costly investigations and penalties.

If you have any questions about this subject or related subjects, or if you need assistance, please contact the authors of this article—[Suzanne Jaffe Bloom](#) (Partner and Co-Chair, White Collar & Government Investigations), [Amandeep Sidhu](#) (Partner, White Collar & Government Investigations), [Cari Stinebower](#) (Partner, White Collar & Government Investigations, and Chair, International Trade Practice), [Cristina Calvar](#) (Partner, White Collar & Government Investigations), [Daimiris Garcia](#) (Associate, International Arbitration)—or your Winston & Strawn relationship attorney. You can also visit our [White Collar & Government Investigations](#) practice page and our [Government Program Fraud, False Claims Act & Qui Tam Litigation](#) practice page. For additional thought leadership on this topic and related topics, please visit [Investigations, Enforcement, & Compliance Alerts](#) and our [False Claims Act Playbook](#).

[1] See [Future FCA Enforcement Expectations in Light of Record-Breaking FY 2025 Recoveries and Administration Priorities](#), Winston’s False Claims Act Playbook (Mar. 23, 2026).

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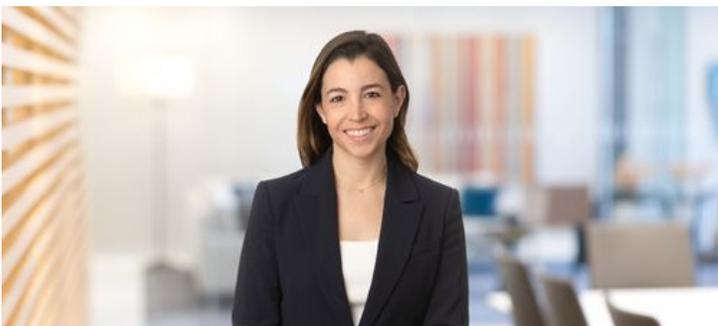
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