



Homeland Security Investigations Commercial Fraud Unit

GENERAL FRAUD PROGRAM



The Homeland Security Investigations (HSI), Commercial Fraud Unit (CFU) manages general fraud program for all HSI general fraud investigations. HSI conducts general fraud investigations focusing on violations of laws or regulations pertaining to the importation of merchandise by means of false or fraudulent documents, statements, and/or practices.

The most common violations relate to the evasion of trade controls and restrictions enacted to protect domestic industries and the national economy from predatory trade practices and the introduction of goods which may create a public health and safety risk. Loss of revenue to the U.S. government is a major consideration in general fraud cases. Many violations within the general fraud category are often part of a larger scheme involving other HSI programmatic areas including money laundering, human trafficking, and financial fraud. HSI works closely with U.S. Customs and Border Protection and other government agencies to investigate general fraud crimes.

HSI general fraud investigations include the following schemes:

False Valuation – a method used to reduce the amount of duty applied to goods imported into the United States from a foreign country. An importer will fraudulently state the value of the merchandise is lower than the actual value to reduce the amount of duty that is owed.

Misclassification – a method used to reduce the amount of duty applied to goods imported into the United States from a foreign country. An importer will fraudulently claim that the goods are of a classification that has a lower duty rate than the correct classification.

Marking – Under 19 U.S.C. § 1304, imported goods are required to be marked with the country of origin. For various reasons including the evasion of duties or quantitative restrictions, the bypassing of trade sanctions, or to increase salability, importers and/or shippers will utilize fraudulent country of origin markings.



Removable “Made in” label
attached on clothing tag

Broker Compliance – In accordance with the Customs Modernization Act of 1993, customs brokers are obligated to exercise reasonable care in the entry of merchandise and to adopt procedures that reflect informed compliance. HSI investigates non-compliant brokers committing criminal offenses.