White Collar Defense & Investigations Update

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DOJ Charges UBS Gold with $86 Million Duty and Tariff Evasion in International Jewelry Scheme

On November 12, federal prosecutors in New Jersey filed a criminal complaint charging PT Untung Bersama Sejahtera (UBS Gold), a major international jewelry company headquartered in Indonesia, with a years-long scheme to avoid paying $86 million in customs duties and tariffs on imported jewelry valued at $1.2 billion. Three UBS Gold employees were also charged. The charges are the result of a joint investigation by Internal Revenue Service criminal investigators, Homeland Security Investigations, and Customs and Border Patrol. According to the complaint, once the United States' duty-free treatment with Indonesia expired on December 31, 2020, UBS Gold and its employees allegedly evaded duties by shipping its Indonesian-made jewelry to Jordan, which could freely trade with the United States, and then imported the jewelry duty-free into the United States by falsely claiming the goods had been made in Jordan. In addition, the defendants and co-conspirators allegedly engaged in a similar tariff-evasion scheme in which they shipped scrap gold from the United States to Jordan and falsely claimed it needed to be assembled in Jordan. Once the scrap gold was in Jordan, however, it was replaced with UBS Gold jewelry made in Indonesia, which UBS Gold then imported into the United States tariff-free by falsely claiming the jewelry had been manufactured in the United States.

Strong Trade Compliance Programs Critical

This case illustrates the Trump administration's prioritization of tariff and customs enforcement against foreign companies importing goods to into the United States. Companies must carefully monitor the activities of employees responsible for customs and tariff compliance, especially those operating in high-risk areas, including Indonesia and the Middle East, where the administration has set its enforcement sights. Given the DOJ's heightened focus on trade fraud, companies involved in cross-border markets must implement meaningful compliance programs designed to ensure that their transactions do not run afoul of U.S. customs and tariff laws.

FOR MORE INFORMATION

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