

As A Result Of Whistleblower, California, Florida and Texas Importers to Pay the U.S. Government \$3 Million for Allegedly Evading Customs Duties

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On February 12, 2015 the **Department of Justice (DOJ)** announced that California-based C.R. Laurence Co. Inc., Florida-based Southeastern Aluminum Products Inc., and Texas-based Waterfall Group LLC, agreed to pay the U.S. Government *\$3 million* to settle allegations that they violated the **False Claims Act (FCA)** by allegedly evading customs duties on aluminum extrusions imported from China. Specifically, these three import companies allegedly schemed to avoid paying “antidumping” and “countervailing” duties on aluminum extrusions from manufacturer, Tai Shan Golden Gain Aluminum Products Ltd., based in the **People’s Republic of China**. C.R. Laurence, Southeastern, and Waterfall will each pay a portion of the \$3 million settlement, with C.R. Laurence Co. Inc., agreeing to pay the largest portion of the settlement totaling approximately \$2.3 million.

When foreign manufacturers sell goods in the United States at less than fair market value it can cause unfair pricing in the U.S. market – a practice is called “*dumping*.” Therefore, “antidumping” duties are imposed on goods from foreign manufacturers in order to bridge the gap back to a fair market value, while “countervailing” duties, assessed by the U.S. Department of Commerce (DOC) and collected by the U.S. Customs and Border Protection (CBP), offset foreign government subsidies.

According to the allegations in the case, knowing that countervailing and antidumping duties are country specific, C.R. Laurence, Southeastern, and Waterfall allegedly misrepresented that the “country of origin” of the aluminum extrusions was Malaysia, in order to pay lower duties on its goods. In fact, the aluminum extrusion products (primarily shower doors and shower enclosures) were actually manufactured in China, but then shipped through Malaysia to hide the fact that China was the country of origin — a practice called “transshipping.” In addition, the government also alleged that C.R. Laurence, Southeastern and Waterfall conspired with other domestic companies that purchased aluminum extrusions from China, and convinced them to evade duties by filing false country-of-origin declarations with CBP.

This case was originally filed in the U.S. District Court for the Middle District of Florida, on behalf of the government, under the *qui tam* provisions of the FCA, by whistleblower James F. Valenti, Jr. Provisions of the FCA allow a person or persons to file a *qui tam* lawsuit on behalf of the government

in order to recover damages for fraud committed against the government. Once the case is settled, an award of up to 30 percent of the settlement is paid to the whistleblower for exposing the fraud. In this case, Mr. Valenti, Jr. will receive \$555,100 as his share of these settlements.

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