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**IMMEDIATE RELEASE**

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**Two Brookfield, Wisconsin-Based Companies and Their Owners Pay Over \$10 Million to Resolve Allegations that They Evaded Customs Duties**

Gregory J. Haanstad, United States Attorney for the Eastern District of Wisconsin, announced that Precision Cable Assemblies, Inc. (PCA), Global Engineered Products, Inc. (GEP), and their principals, Ryan Schmus and Richard Horky, paid over \$10 million to resolve allegations that the companies failed to pay millions of dollars in customs duties on goods imported from the People's Republic of China.

PCA and GEP are Wisconsin corporations with principal places of business in Brookfield. PCA sells wire harnesses, battery cables, and other wiring products. GEP sells power distribution products. Both companies import goods from China.

When a company, such as PCA and GEP, imports goods into the United States, the importer is required to file entry documents with the Department of Homeland Security, Customs and Border Protection (CBP), including information about the value of the goods. The importer must declare that the values reported are true to the best of its knowledge and belief. The amount of duties owed depends, in large part, on the value of the goods and the applicable tariff rate.

The United States alleged that PCA and GEP submitted and caused the submission of false commercial invoices to CBP that significantly undervalued the goods imported from China from 2016 through November 2021. More specifically, two Chinese suppliers sent PCA and GEP invoices in electronic spreadsheet format with the full, actual price of the goods imported. PCA and GEP, however, falsified the invoices by altering the spreadsheets to reduce the prices, generally by 70%, and then provided those altered invoices to its customs broker, which, in turn, unknowingly submitted the false invoices to CBP. The United States thus alleged that Defendants avoided payment of millions of dollars of duties on the imported goods, especially after additional duties were imposed on certain goods imported from China in 2018.

GEP initially paid CBP approximately \$4.2 million in duties lost from this undervaluation scheme. Pursuant to a settlement agreement with the United States

Attorney's Office, Defendants paid another \$6 million to the United States to fully resolve its liability for the alleged evasion of duties, including its potential liability under the False Claims Act.

"The United States Attorney's Office is committed to preventing fraud," said U.S. Attorney Haanstad. "Companies that import goods into the United States must provide Customs and Border Protection with truthful information and pay all of the applicable duties owed. This settlement sends a strong message to companies and their owners that they must follow the customs rules."

LaFonda D. Sutton-Burke, the Chicago Director of Field Operations for CBP, added, "Entities that attempt to defraud the U.S. Government, the American people, and our economy will not succeed."

The settlement resolves a lawsuit filed under the *qui tam* or whistleblower provision of the False Claims Act, which permits private parties to file suit on behalf of the United States for false claims submitted to the government and share in a portion of the government's recovery. The Act permits the United States to intervene and take over responsibility for litigating these cases, as the United States did here. The *qui tam* case is captioned *United States ex rel. Grob v. Precision Cables Assemblies, Inc., et al.*, Case No. 22-C-570 (E.D. Wis.) and was brought by Travis Grob, a former employee of PCA. Grob received \$1,260,000.

Along with auditors, import specialists, and attorneys from CBP and agents for Homeland Security Investigations, Assistant United States Attorneys Michael Carter and Carter Stewart of the Eastern District of Wisconsin handled the matter.

The claims resolved by the settlement are allegations only and there has been no determination of liability.

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