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Aventura indicted for making false 'Made in the U.S.A.' claims

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On November 7, the United States Attorney's Office for the Eastern District of New York unsealed an indictment alleging fraud, money laundering, and violations of several U.S. trade regulations by Aventura Technologies Inc., which, according to the Department of Justice (DOJ), bought products from China and labeled them "Made in the U.S.A." in order to obtain U.S. government contracts. That scheme has been ongoing since 2006. According to the DOJ news release, "Aventura imported networked security products from PRC [Peoples Republic of China] manufacturers with known cybersecurity vulnerabilities, and resold them to U.S. military and other government installations while claiming that they were American-made."[1]

The news release also goes into some detail about the investigation that led to the indictment and the steps Aventura executives took to try and hide the origin of the products they were selling. Numerous examples of shipments from China to Aventura are known, as well as emails between Aventura executives and their Chinese partners regarding ways to hide the source of the products.

U.S. law enforcement discovered the fraud after a U.S. airman reported finding Chinese characters on a piece of equipment sourced from Aventura. This is a key piece of information. The U.S. government has spent the last two years ramping up a variety of due diligence procedures to combat Chinese economic espionage and various supply chain vulnerabilities. We've discussed the China Initiative[2] here, as well as efforts by the Defense Logistics Agency[3] and the Pentagon to increase supply chain security. Despite these efforts, which are admittedly in their early stages, it wasn't supply chain due diligence that led to Aventura's fraud being discovered, but a whistleblower in the form of an observant airman.

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