

DOJ'S NATIONAL FRAUD ENFORCEMENT DIVISION ANNOUNCES ITS ENFORCEMENT PRIORITIES

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On 13 August 2026, Assistant Attorney General (AAG) Colin McDonald issued a memorandum (the Memo) outlining the enforcement priorities and organizational structure of the US Department of Justice's (DOJ) National Fraud Enforcement Division (the Fraud Division). The Fraud Division is not new—DOJ leadership first announced its creation in April 2026—but the Memo is the first detailed roadmap of how it intends to operate. Five days later, the DOJ released a final rule officially transferring enforcement jurisdiction to the head of the Fraud Division (the Rule).

The Memo provides the clearest indication to date of how the Fraud Division intends to exercise its broad mandate to investigate and prosecute fraud “no matter its size or complexity.” The Memo identifies five principal enforcement priorities: (1) public trust and financial integrity; (2) healthcare; (3) internal revenue; (4) global trade and commerce; and (5) corporate misconduct. It also emphasizes data analytics, nationwide coordination with US attorneys' offices and other government agencies, asset recovery, and the use of specialized task forces. Companies operating in healthcare, government contracting, federal benefit programs, international trade, tax, and other regulated sectors should take note.

KEY TAKEAWAYS

- The Fraud Division is growing quickly, increasing headcount, including through reassignments, to approximately 500 lawyers and staff by 24 August 2026, and growth planned over the next two years.
- The Fraud Division is organized into multiple specialized litigating sections (including Health Care Fraud, Public Trust and Financial Integrity, Tax, Global Trade & Commerce Enforcement, Corporate Enforcement, National Enforcement, and others) supported by asset recovery, appellate, data science, and litigation support teams.
- Five enforcement priorities are identified: (A) public trust and financial integrity; (B) healthcare; (C) internal revenue (tax); (D) global trade and commerce; and (E) corporate misconduct.
- The Memo signals continued reliance on data analytics and interagency task forces to identify and prosecute cases.
- The Rule grants the Fraud Division the ability to open special grand juries anywhere in the country and permits the Fraud Division to prosecute nonfraud criminal offenses that arise during investigations of its five enforcement priorities.

- The Fraud Division reiterates the DOJ's existing corporate enforcement policies favoring voluntary self-disclosure, cooperation, and remediation.

BACKGROUND

According to the Memo, the Fraud Division was created to respond to what AAG McDonald describes as a fraud epidemic, citing a Government Accountability Office estimate that the federal government loses between US\$233 billion and US\$521 billion annually to fraud. The Memo frames the Fraud Division's mandate broadly—to prosecute fraud regardless of size or complexity, and describes an organizational structure intended to be “lean, flat, and agile,” pairing career prosecutors deployed nationwide with US attorney's offices, data scientists, and technology resources.

THE FIVE ENFORCEMENT PRIORITIES

A. Public Trust and Financial Integrity

The Fraud Division will prioritize government procurement fraud—including defective pricing, bid rigging, self-dealing, bribery, product substitution, and billing fraud—as well as fraud against federal benefit and grant programs (e.g., student loans, childcare, veterans' benefits, nutritional assistance, disaster relief, and small business programs).

B. Healthcare

Building on their existing Health Care Fraud Strike Force model, the Fraud Division will target Medicare and Medicaid fraud, telemedicine schemes, controlled substance diversion, and home health and hospice fraud, along with companies that market unsafe products or services or pay illegal kickbacks.

C. Internal Revenue (Tax)

The Memo highlights criminal tax enforcement against return preparer fraud, income concealment, and abusive tax shelter promoters, with an emphasis on coordination between tax enforcement and other fraud investigations that often overlap (e.g., benefit-program fraud that also involves unreported income).

D. Global Trade and Commerce

Through the cross-agency Trade Fraud Task Force, the Fraud Division will pursue customs and trade violations, including transshipment schemes, country-of-origin fraud, undervaluation of imports to evade duties, sanctions evasion, and supply chains connected to forced labor.

E. Corporate Misconduct

The Fraud Division's Corporate Enforcement Section will continue to prioritize prosecution of corporate fraud while applying the DOJ's existing policies rewarding companies that voluntarily self-disclose misconduct, cooperate with investigations, and remediate.

CONSIDERATIONS FOR COMPANIES

The Memo's emphasis on data-driven detection, expanded staffing, and interagency task forces suggests that companies in the identified priority areas—particularly healthcare, government contracting, federal benefits, tax, and import/export—may see increased scrutiny and faster-moving investigations. Companies should consider:

- Reviewing compliance programs and internal controls in the five priority areas identified above, particularly where the company participates in federal healthcare programs, government contracts, or federal benefit or grant programs.
- Evaluating trade compliance programs in light of the Fraud Division's stated focus on transshipment, country of origin, undervaluation, sanctions, and forced-labor issues.
- Revisiting voluntary self-disclosure protocols and incident-response plans, given the Memo's reiteration of benefits for self-disclosure, cooperation, and remediation.
- Monitoring for parallel proceedings, as the Memo emphasizes coordination among the Fraud Division, US attorney's offices, the Civil and Criminal Divisions, and other federal, state, and local partners.

LOOKING AHEAD

The Memo makes clear that DOJ intends for the National Fraud Enforcement Division to become a substantial and permanent component of the federal government's enforcement infrastructure, growing its staff and resources over the next two years and expanding its use of data analytics across all five priority areas. Its five priorities encompass a broad range of industries and conduct, while its emphasis on data analytics, interagency coordination, specialized task forces, and nationwide deployment of prosecutors is designed to increase the government's ability to identify and pursue fraud at scale.

Companies should therefore view the Memo as both an enforcement roadmap and a compliance signal. Organizations that interact with federal programs, government funds, healthcare programs, international supply chains, or other areas identified by the Fraud Division should consider whether their existing controls, monitoring systems, internal reporting mechanisms, and investigation protocols are calibrated to the government's increasingly data-driven approach to fraud enforcement.

The firm will continue to monitor developments involving the Fraud Division and DOJ's approach to corporate fraud enforcement.

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