Title: **DOJ Announces National Fraud Enforcement Division Priorities and Enhanced Authority in Bid to "Supercharge" Fraud Enforcement**

As part of the Department of Justice's (DOJ) ongoing efforts to detect and combat fraud across a variety of industries, the newly established National Fraud Enforcement Division (the Fraud Division) recently announced its priorities for strengthening federal fraud enforcement efforts.

On August 13, 2026, Colin McDonald, Assistant Attorney General of the Fraud Division, issued a memorandum (the McDonald Memo) announcing that the Fraud Division will prioritize prosecution of fraud in five critical areas: (1) public trust and financial integrity, (2) healthcare fraud, (3) criminal tax enforcement, (4) global trade and commerce, and (5) corporate misconduct.

Less than a week later, the DOJ promulgated a regulation by then-Acting Attorney General Todd Blanche that empowers the Fraud Division to prosecute criminal frauds (except those assigned to the Antitrust Division), tax fraud, criminal trade fraud matters, any criminal proceedings related to monies owed or paid to the United States, and criminal healthcare fraud and controlled substances diversion schemes. The new rule likewise stripped the Criminal Division of the authority to prosecute tax fraud and fraud related to federal health plans (i.e., Medicare, TriCare, etc.).

The McDonald Memo and the empowerment of the Fraud Division (potentially at the expense of the Criminal Division) show that the Administration is not merely setting forth its enforcement priorities but is giving prosecutors the tools to carry them out. The DOJ's apparent commitment to data-driven investigations and nationwide coordination could lead to increased corporate accountability. It remains to be seen whether the Fraud Division's creation represents a significant expansion of the DOJ's fraud enforcement capabilities, rather than a political "rebrand," but companies operating in highly regulated industries should closely monitor the Fraud Division's next steps.

I. Establishment and Enhanced Power of the DOJ's Fraud Division

The Fraud Division was established by Acting Attorney General Todd Blanche on April 7, 2026, with the broad purpose of investigating and prosecuting those who "steal or fraudulently misuse taxpayer dollars."[1] The Fraud Division will operate as the lead DOJ component for criminal enforcement of public benefits fraud and other schemes involving taxpayer dollars.

The April Memorandum on the Creation of Fraud Division outlined broad and ambitious goals for "consolidating and realigning" the DOJ's resources to enable and coordinate prosecution efforts across federal agencies. To carry out the goals of the Fraud Division nationwide and at the local level, U.S. Attorneys' Offices across the country were required to designate one "experienced" prosecutor to support the Fraud Division.

The recent announcement of the Fraud Division's five priorities comes less than a week after the DOJ rebranded the Criminal Division's Fraud Section as the "White Collar and Corporate Enforcement Section" in an effort to maintain its focus on certain "private fraud enforcement," such as insider trading and securities fraud. The DOJ's reorganization of the criminal fraud function means that the Fraud Division will investigate and prosecute fraud involving public dollars, while the rechristened White Collar and Corporate Enforcement Section will handle fraud on private companies and individuals.

Then, on August 18, 2026, the DOJ published a new regulation, effective August 24, 2026, formalizing the transfer of certain criminal enforcement authorities from the Criminal Division to the newly established Fraud Division.[2] This regulatory change marks a pivotal evolution in the DOJ's fraud enforcement strategy, effectively reallocating power and (potentially) resources from the DOJ Criminal Division to create a specialized enforcement division dedicated to investigating and prosecuting fraud on public benefits and taxpayer-funded schemes.

The DOJ's Regulation Establishing the National Fraud Enforcement Division, 28 C.F.R. pt. 0, clarifies jurisdictional boundaries involving criminal fraud enforcement, empowering the Fraud Division to lead investigations and prosecutions previously overseen by the Criminal Division's Fraud Section. This transfer could strengthen the DOJ's ability to deploy resources to combat fraud involving government programs, federal funds, and the public interest. Regardless of its effect, the creation and significant empowerment of a separate Fraud Division, alongside the DOJ's Criminal Division, is a radical reorganization that shows the DOJ's commitment to investigating and prosecuting fraud on the government.

II. The Fraud Division's Enforcement Priorities

According to the McDonald Memo, considerable resources will be deployed to make the Fraud Division the "most sophisticated, innovative, and data-driven white-collar law enforcement component in the world, uniquely positioned to fight fraud at every level." To accomplish this goal, the Fraud Division plans to grow to approximately 500 attorneys and staff by August 24, 2026, with plans to "significantly increase" personnel over the next two years.[3]

The Fraud Division will now be comprised of specialized litigation sections, including some units that will be folded over from the old DOJ Criminal Fraud Section, such as a Health Care Fraud Section, Public Trust and Financial Integrity Section, Tax Section, Global Trade & Commerce Enforcement Section, and Corporate Enforcement Section. Under the Fraud Division's new organizational structure, prosecutors will also be supported by an Asset Recovery Section with asset recovery attorneys and investigators, appellate counsel, a dedicated privilege review team, corporate enforcement experts, automated litigation support, a cross-disciplinary team of experts in data science, and cutting-edge technology and resources.[4]

Toward that end, the McDonald Memo identifies five priority areas for enforcement by the Fraud Division:

a. Public Trust and Financial Integrity

The Fraud Division calls out government procurement fraud, including defective pricing, bid rigging, self-dealing, bribery, product substitution, and billing fraud, as a "critical priority" for its enforcement efforts. It will also focus on government benefits and programmatic fraud, including student loans, childcare, veterans' benefits, nutritional supplements, disaster relief, and small business programs.

b. Health Care

According to the McDonald Memo, healthcare expenditures in the United States are expected to grow from over $3 trillion a year to over $7 trillion, with between 3-10% of that amount lost to fraud. In response, the Fraud Division is seeking to invest in and expand the Health Care Fraud Strike Force model with more resources, data analytics support, and technology advancements at its disposal.

The Fraud Division intends to "supercharge[] the historically successful Health Care Fraud Strike Force model with greater resources, data analytics support, and best in class technology[.]"[5] The Health Care Fraud Strike Force expansion into new jurisdictions has been underway throughout 2026. In May 2026, the DOJ announced the expansion of the Health Care Fraud Midwest Strike Force in Minnesota. On August 4, 2026, the DOJ announced a new Anti-Fraud Initiative in the Eastern District of Pennsylvania, which would embed agents from the Fraud Division's Northeast Health Care Fraud Strike Force in the Philadelphia region to enhance investigative resources in one of the nation's most active jurisdictions for healthcare fraud enforcement.[6]

Healthcare fraud targets will include Medicare and Medicaid fraud, telemedicine fraud, controlled substance diversion, kickback schemes, home health and hospice scams, and deceptive marketing of unsafe products.

c. Criminal Tax Enforcement

To protect the public fisc, the Fraud Division enforcement will target tax return preparers who include false claims on tax returns and individuals who conceal income or who falsify information on their tax returns. Data analytics, financial forensics, and nationwide coordination will be deployed by the Fraud Division to combat criminal tax fraud.

d. Global Trade and Commerce

The McDonald Memo describes the Fraud Division as the lead DOJ component to coordinate a criminal enforcement strategy for trade and customs violations and supply chains "polluted" by forced labor. The Fraud Division, through the inter-agency Trade Fraud Task Force, will prioritize investigation and prosecution of illicit transshipment schemes, country-of-origin fraud, the undervaluation of imported goods to evade duties, sanctions evasion, and foreign forced labor schemes.

e. Corporate Misconduct

The Fraud Division will maintain the status quo for the DOJ with a focus on prosecuting corporate misconduct and rewarding those who take advantage of the DOJ's Corporate Enforcement and Voluntary Self-Disclosure Policy (CEP) by voluntarily self-disclosing, cooperating, and remediating such corporate malfeasance. The McDonald Memo provides that prosecutors will work closely with the Corporate Enforcement Section to combat fraud as well.

III. Key Takeaways

The Fraud Division's announcement of these priorities and the DOJ's reorganization of its fraud-fighting function are consistent with the Administration's continued focus on fraud on the taxpayer and, in particular, public benefits fraud. Companies that are affected by any of the five priorities set forth in the McDonald Memo should be prepared for increased enforcement from DOJ prosecutors.

The DOJ's use of data analytics and teams devoted to sifting through information for anomalies to initiate fraud investigations, as well as the DOJ's commitment to robustly staff the Fraud Division, is likely to result in more and more focused investigations. As a result, companies should ensure their response protocols and investigation policies can keep up with the DOJ's renewed focus on swiftly prosecuting fraudulent crimes.

The McDonald Memo reaffirmed that voluntary self-disclosure, cooperation, and remediation, consistent with the DOJ CEP, provide real strategic value to those with robust compliance programs and who cooperate with and self-disclose to the government. Companies that discover potential fraud should carefully evaluate, with outside counsel, whether self-disclosure is appropriate.

Staying ahead of these developments requires vigilance and a proactive compliance approach. Buchanan's White Collar, Compliance, and Investigations attorneys are well-equipped to advise your organization on navigating this evolving enforcement landscape.

1. Todd Blanche, Acting Att'y Gen., *Memorandum on Creation of the National Fraud Enforcement Division for Department Personnel* (Apr. 7, 2026), available at https://www.justice.gov/opa/pr/acting-attorney-general-todd-blanche-issues-memorandum-creation-national-fraud-enforcement.

2. *See* Dep't of Justice, Office of the Att'y Gen., 28 C.F.R. part 0 (Aug. 24, 2026). available at https://www.federalregister.gov/d/2026-16846.

3. Colin McDonald, Assistant Att'y Gen., *Memorandum on the Fraud Division's Enforcement Priorities for Fraud Division Personnel* (August 13, 2026), available at https://www.justice.gov/opa/media/1457756/dl?inline

4. *Id.*

5. *Id.* at 4.

6. Dep't of Justice, *Justice Department Announces Significant Health Care Fraud Takedown, District Anti-Fraud Initiative* (August 4, 2026), available at https://www.justice.gov/opa/video/justice-department-announces-significant-health-care-fraud-takedown-district-anti-fraud

Author(s)' Name(s), Title(s), and Email(s):

Mark A. Kasten *215 665 3947* mark.kasten@bipc.com

Maxwell C. Ruocco	*704 444 3365*	maxwell.ruocco@bipc.com
Meghan E. Fleming	*215 665 3818*	meghan.fleming@bipc.com