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CLIENT ALERT

DOJ’s Newly Established National Fraud Enforcement Division Announces New Structure and Five Priority Enforcement Areas

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On August 13, 2026, Assistant Attorney General Colin M. McDonald released the U.S. Department of Justice’s National Fraud Enforcement Division’s (the “Fraud Division”) first memorandum (the “memorandum”) outlining the Division’s new structure, foreshadowing an “aggressive” approach to resourcing, and setting out five key enforcement priorities: public trust and financial integrity, health care, internal revenue, global trade and commerce, and corporate misconduct.[1]

This update summarizes these priorities and the key takeaways from the memorandum in the context of other recent DOJ enforcement announcements.

[1] *See:* https://www.justice.gov/opa/pr/assistant-attorney-general-colin-m-mcdonald-issues-memorandum-national-fraud-enforcement.

Organizational Structure and Resources

Established in April 2026,[2] the Fraud Division consolidated the Health Care Fraud Unit, the Tax Section and the Market, Government and Consumer Fraud Unit of DOJ's Criminal Division into a new division dedicated exclusively to nationwide fraud enforcement. A new structure of specialized litigating sections is laid out in an organizational chart published alongside the memorandum. These new sections will largely be focused on government benefits and procurement fraud and the misuse of taxpayer funds.

The memorandum includes plans for a "lean, flat, and agile" organization aimed at "foster[ing] intra-division and interagency coordination" to combat fraud nationwide, supported by the deployment of "considerable resources" over the next two years. With the Fraud Division projected to grow to approximately 500 attorneys and staff by late August 2026, it will become one of DOJ's largest components. Many of the Division's sub-sections, including Health Care Fraud, Corporate Enforcement, Appellate, and Special Matters, are former units or sections transferred from what was previously known as the Criminal Division's Fraud Section, which, as explained further below, has been renamed the White Collar and Corporate Enforcement Section.

The memorandum also reflects significant investment plans beyond frontline prosecutors, including a focus on "cutting-edge data analysis" tools to investigate and prosecute fraud, establishment of a National Fraud Detection Center to help identify fraud and generate internal leads for investigators and prosecutors, and litigation support personnel, including a dedicated Asset Recovery Section pursuing forfeiture of allegedly tainted assets, and privilege review team.

Five Core Enforcement Priorities

The memorandum identifies five enforcement priorities:

- **Public Trust and Financial Integrity.** Prosecutors are directed to pursue government procurement fraud as a "critical priority," including instances of bid rigging, self-dealing, defective pricing, bribery, product substitution, and billing fraud. Beyond procurement, the Fraud Division will focus on protecting the financial integrity of government benefit and grant programs of all kinds (spanning student loans, childcare, veterans' benefits, nutritional programs, disaster relief, and small business programs).

- **Health Care Fraud.** Projecting that national health care expenditures will grow to over $7 trillion, with an estimated 3–10% lost to fraud, the Fraud Division will continue the work of the former Fraud Section's Health Care Fraud Unit by targeting Medicare and Medicaid fraud, telemedicine, home health and hospice schemes, controlled substance diversion, and companies or individuals that deceptively market unsafe products and services. The memorandum describes this as: "supercharging the historically successful Health Care Fraud Strike Force model with greater resources, data analytics support, and best-in-class technology."

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[2] *See:* https://www.justice.gov/opa/pr/acting-attorney-general-todd-blanche-issues-memorandum-creation-national-fraud-enforcement.

- **Internal Revenue.** With criminal tax enforcement an integral part of its mandate to protect the public fisc, the Fraud Division's tax section will target some of the now-dissolved Tax Division's bread-and-butter cases involving schemes to defraud the IRS. This includes pursuing tax preparers who file false claims, individuals who attempt to conceal income or falsify information on their returns, and promoters who sell or facilitate illegal tax schemes.

- **Global Trade and Commerce.** Leveraging the cross-agency Trade Fraud Task Force, this section of the Fraud Division will focus on trade fraud, customs evasion, and forced labor schemes comprising "systemic, high-impact noncompliance that threatens our economic and national security." Prosecutors will focus on illegal transshipment schemes, country-of-origin fraud, undervaluation of imported goods to evade duties, and foreign forced labor schemes impacting global supply chains.

- **Corporate Misconduct.** Finally, citing a "strong pipeline of ongoing corporate matters," the memorandum confirms that the Fraud Division's prosecutors will work closely with the Corporate Enforcement Section to combat fraud by corporations across each of the subject matters in focus. Like all other DOJ components (with the exception of the Antitrust Division), its prosecutors will follow DOJ's existing framework for corporate self-disclosures in criminal matters as set out in the recently updated DOJ-wide Corporate Enforcement and Voluntary Self-Disclosure Policy ("CEP"), including by rewarding companies that voluntarily self-disclose, cooperate, and remediate identified wrongdoing.[3]

Key Takeaways

The Fraud Division's core enforcement priorities are largely consistent with those announced by the Criminal Division in May 2025, reflecting continuity with prior DOJ enforcement announcements rather than a substantial shift in direction. The most distinct shift in priorities focusses on government procurement and program fraud, with companies seeking or holding federal contracts, or that receive money from federally funded programs or grants, well advised to ensure their risk assessment, internal investigation, and response procedures are up to date and effective at proactively identifying red flags and indicators of potential fraud.

Companies in heavily regulated industries, including defense contractors, life sciences and healthcare companies, and businesses with complex international supply chains, importing into the U.S. may also expect to find themselves the target of increased enforcement attention and heightened data-driven scrutiny as the Fraud Division continues its promised headcount expansion and technology improvements in the coming months.

Notably, in terms of scope, the announcement of the new structure coincides with the August 10 re-naming of the Criminal Division's long-standing Fraud Section to the "White Collar and Corporate Enforcement Section." While the newly established Fraud Division will increase its focus on the five priority areas articulated in the memorandum,

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3 *See* our prior client alert on the new department-wide CEP, available here: https://www.willkie.com/-/media/files/publications/2026/03/one-size-fits-all-dojs-first-department-wide-corporate-enforcement-policy.pdf. In July 2026, the Fraud Division issued its first declination under the CEP, declining to prosecute an optical healthcare company for potential health care fraud, anti-kickback statute, and conspiracy violations involving an alleged Medicare and insurance scheme for medically unnecessary or duplicative diagnostic tests. *See:* https://www.justice.gov/opa/pr/fraud-division-resolves-fraud-investigation-eye-care-group-under-new-corporate-enforcement.

the White Collar and Corporate Enforcement Section is expected to largely retain and sharpen its historic focus on white collar criminal matters that do not involve fraud against the U.S. public fisc, including insider trading, securities fraud, and Foreign Corrupt Practices Act enforcement. DOJ will continue to pursue civil fraud actions, including False Claims Act matters, separately through the Fraud Section of the Civil Division.

Finally, consistent with the Department-wide CEP, the memorandum reaffirms the potential value, in appropriate cases, of voluntary self-disclosure, cooperation, and remediation for companies that discover potential fraud early.[4] This reinforces the strategic value of maintaining a robust risk assessment and internal compliance program, with attention to the specific fraud categories identified.

If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

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[4] *See* our prior client alert, available here: https://www.willkie.com/-/media/files/publications/2026/03/one-size-fits-all-dojs-first-department-wide-corporate-enforcement-policy.pdf.