

CLIENT ALERT | August 20, 2026

DOJ's National Fraud Enforcement Division Announces Sweeping Enforcement Priorities and Assumes Key Criminal Division Portfolios

NFED has issued a memorandum detailing its structure and broad enforcement priorities. DOJ also published a final rule reassigning several Criminal Division fraud functions to the new division.

Key Points:

- On August 13, 2026, DOJ published a memorandum articulating five enforcement priority areas for the National Fraud Enforcement Division: (i) public trust and financial integrity, (ii) healthcare, (iii) internal revenue, (iv) global trade and commerce, and (v) corporate misconduct.
- On August 18, 2026, DOJ issued a final rule amending the Criminal Division's organization to reassign healthcare, tax, and trade fraud cases to NFED.
- Together, these actions reflect an ongoing focus by the Trump administration on combating fraud, now through a consolidated organizational structure with expanded resources dedicated to developing cases in the priority areas.
- Companies and individuals operating in the priority areas should assess their compliance programs in light of these changes and NFED's stated priorities.

Background: The National Fraud Enforcement Division

On April 7, 2026, then-Acting Attorney General Todd Blanche formally established the National Fraud Enforcement Division (NFED or the Division),¹ following an initial announcement by the White House and Vice President JD Vance on January 8, 2026.² The Division assumed control of several Department of Justice (DOJ) Criminal Division components, including the Tax Section, the Health Care Fraud Unit, and the Market, Government, and Consumer Fraud Unit.³ Colin M. McDonald was subsequently named Assistant Attorney General to lead the Division.

On August 13, 2026, McDonald published a memorandum⁴ (the McDonald Memorandum) that reaffirmed the Division's core mission "to prosecute fraud in the United States, no matter its size or complexity."⁵ McDonald frames this mission as "critical to restoring public confidence in the federal government's ability

to responsibly steward taxpayer dollars,” citing US Government Accountability Office estimates that the federal government loses between \$233 billion and \$521 billion annually to fraud.⁶

Organizational Structure and Growth

The McDonald Memorandum signals an expanding mission to fight fraud. McDonald states that NFED is “reorganizing substantial resources from other Department components” and expects to reach approximately 500 attorneys and staff by August 24, 2026.⁷ The Division has an “aggressive plan to significantly increase” personnel over the next two years, though it aims to remain “lean, flat, and agile, reducing excessive bureaucratic oversight.”⁸

The organizational chart accompanying the McDonald Memorandum depicts multiple specialized sections — including Health Care Fraud, Public Trust and Financial Integrity, Tax, Global Trade & Commerce Enforcement, National Enforcement, Corporate Enforcement, Asset Recovery, and Appellate.⁹ These are supported by a National Fraud Detection Center, a data science team, automated litigation support, investigators, privilege review teams, and victim services personnel.¹⁰

Career prosecutors will be deployed nationwide to work alongside United States Attorneys’ Offices (USAOs), and a National Enforcement Section will house and train new attorneys.¹¹ The Division also plans to implement a task force incubation program to “empower and launch emerging leaders who bring new ideas to the fight against fraud.”¹²

The Five Enforcement Priority Areas

The McDonald Memorandum identifies five enforcement priority areas that will drive the Division’s work — described as the “frauds that pose the greatest threats to the American public”:¹³

1. Public Trust and Financial Integrity

This priority targets government procurement fraud, including defective pricing, bid rigging, self-dealing, bribery, product substitution, and billing frauds.¹⁴ It also covers fraud targeting benefit and grant programs such as student loans, child care, veterans’ benefits, nutritional programs, disaster relief, and small business programs.¹⁵ McDonald frames this priority as central to safeguarding taxpayer dollars.¹⁶

2. Healthcare

This priority targets home health aide and hospice scams, kickbacks, improper opioid prescribing, telemedicine fraud, Medicare and Medicaid fraud, controlled substance diversion, and deceptive marketing.¹⁷ The McDonald Memorandum states that NFED intends to “supercharg[e]” DOJ’s existing Health Care Fraud Strike Force model,¹⁸ signaling an intensified multi-district, data-driven enforcement approach in this sector.

3. Internal Revenue

This priority targets unethical return preparers, income concealment, and abusive promoters of illegal tax schemes.¹⁹ The McDonald Memorandum highlights both intra-division and interagency coordination, with plans to deploy the “full arsenal of criminal tax tools paired with data analytics” to identify and prosecute tax fraud.²⁰

4. Global Trade and Commerce

This priority targets trade fraud, customs evasion, illicit transshipment schemes, country-of-origin fraud, undervaluation of imports, sanctions evasion, and forced labor schemes.²¹ To manage these cases, NFED intends to coordinate with the Trade Fraud Task Force, a unit comprising DOJ and Department of Homeland Security staff.²² This reflects a broader trend toward interagency cooperation on trade-related offenses implicating national security and economic concerns.

5. Corporate Misconduct

The Division is focused on “holding accountable organizations” that flout the law and “rewarding those that voluntarily self-disclose, cooperate, and remediate.”²³ The McDonald Memorandum references a “strong pipeline of ongoing corporate matters” and coordination with DOJ’s Corporate Enforcement Section but does not identify specific areas of corporate enforcement.²⁴

Final Rule Outlining NFED Functions

Consistent with the McDonald Memorandum, on August 18, 2026, DOJ published a final rule²⁵ that formalizes NFED’s operational control over various fraud enforcement functions. These functions include:

- Criminal matters involving fraud, except such cases assigned to the Antitrust Division
- All criminal matters arising under the internal revenue laws
- Criminal matters relating to trade fraud
- Criminal matters involving monies owed to or paid by the United States
- Criminal matters involving fraud or abuse with respect to health plans
- Criminal proceedings related to healthcare fraud and controlled substances distribution and diversion schemes

The rule also formally strips the Criminal Division’s control over tax fraud and health plan fraud matters.²⁶ While these functions had previously been under the Criminal Division’s mandate, the relevant units had already migrated to NFED earlier this year at the direction of then-Acting Attorney General Todd Blanche.²⁷

Implications for Corporate Actors

The McDonald Memorandum and the August 18, 2026, final rule carry several implications for companies and individuals operating in the identified priority sectors:

- **Expanded enforcement capacity.** The Division's rapid growth — from initial formation to a projected 500-person organization within months — reflects a substantial commitment to developing cases in these priority areas. The deployment of prosecutors nationwide alongside USAOs suggests that enforcement actions may originate from a wider range of jurisdictions.
- **Data-driven enforcement.** The McDonald Memorandum's emphasis on data analytics, a National Fraud Detection Center, and a dedicated data science team indicates that the Division intends to use technological tools to identify potential fraud, and signals that NFED appears to be committed to building cases through in-house analysis. Companies should ensure their internal data and compliance reporting systems are robust and that anomalies are identified and addressed proactively.
- **Trade and supply chain exposure.** The inclusion of global trade and commerce as a standalone priority — encompassing customs evasion, transshipment schemes, sanctions evasion, and forced labor — reflects heightened attention to supply chain integrity. Companies with international supply chains or customs obligations should consider reviewing and enhancing their trade compliance programs.
- **Limited corporate misconduct specifics.** The McDonald Memorandum states that "[p]rosecutors will prioritize anti-fraud corporate enforcement" but does not identify specific areas of corporate misconduct that NFED will target. Earlier this month, DOJ renamed the Criminal Division's Fraud Section to the White Collar and Corporate Enforcement Section. This Section is dedicated to "financial fraud, health care fraud, foreign corruption, and crimes that threaten public health and safety."²⁸ This suggests private sector fraud enforcement — such as FCPA cases — may remain with the Criminal Division, while NFED targets public-facing misconduct like government contracting fraud. However, how DOJ will precisely allocate corporate misconduct matters between the divisions remains uncertain.
- **Emphasis on corporate self-disclosure.** The corporate misconduct section echoes DOJ's recent Corporate Enforcement and Voluntary Self-Disclosure Policy (CEP),²⁹ stating that NFED will "hold[] accountable organizations" that flout the law while "rewarding those that voluntarily self-disclose, cooperate, and remediate." The CEP follows a three-tier structure for voluntary disclosures based on the timeliness of the disclosure, the extent of cooperation and remediation, and the presence of aggravating factors, among other criteria.³⁰ This language suggests NFED will operate consistently with other divisions in weighing corporate cooperation.

Key Takeaways

The McDonald Memorandum provides the clearest picture to date of NFED's enforcement direction and approach. Key observations include:

- NFED will primarily pursue enforcement against fraud that undermines public trust and confidence, such as fraud involving government programs, as well as healthcare, tax, trade and commerce, and corporate fraud.
- The five priority areas span the fraud categories that DOJ historically pursued, now consolidated under a single organizational umbrella with dedicated resources and leadership — potentially enabling more coordinated, national-level enforcement campaigns.
- The cross-agency Trade Fraud Task Force and the focus on customs evasion, sanctions evasion, and forced labor reflect broader policy priorities regarding supply chain integrity and trade enforcement.
- NFED, in line with other DOJ divisions, will reward voluntary self-disclosure, cooperation, and remediation when considering enforcement against corporate actors.

Latham & Watkins will continue to monitor developments related to NFED and its enforcement activities. For more information, contact our [White Collar Defense & Investigations](#) Practice.

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Endnotes

¹ Memorandum from Acting Attorney General Todd Blanche, Establishment of the National Fraud Enforcement Division (Apr. 7, 2026), at 1, available at <https://www.justice.gov/ag/media/1435311/dl?inline> (the Blanche Memorandum).

² C-SPAN, VP Vance Announces New Assistant Attorney General for Fraud Position (YouTube, Jan. 8, 2026), <https://www.youtube.com/watch?v=X4UhUJpPlko>.

³ Blanche Memorandum, *supra* note 1, at 2.

⁴ Memorandum from Assistant Attorney General Colin M. McDonald, The Fraud Division's Enforcement Priorities (Aug. 13, 2026), at 1, available at <https://www.justice.gov/opa/media/1457756/dl?inline> (the McDonald Memorandum).

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* at 2.

⁸ *Id.*

⁹ *Id.* at 7.

¹⁰ *Id.* at 2.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.* at 3.

¹⁵ *Id.*

¹⁶ *See id.*

¹⁷ *Id.* at 4.

¹⁸ *Id.*

¹⁹ *Id.* at 4–5.

²⁰ *Id.* at 5.

²¹ *Id.*

²² *Id.*; Press Release, Dep't of Just., Departments of Justice and Homeland Security Partnering on Cross-Agency Trade Fraud Task Force (Aug. 29, 2025), available at: <https://www.justice.gov/opa/pr/departments-justice-and-homeland-security-partnering-cross-agency-trade-fraud-task-force>.

²³ McDonald Memorandum, *supra* note 4, at 5.

²⁴ *See id.*

²⁵ 91 Fed. Reg. 53357 (codified at 28 C.F.R. §0.70).

²⁶ *Id.* (codified at 28 C.F.R. §0.55).

²⁷ Blanche Memorandum, *supra* note 1, at 2.

²⁸ Dep't of Just., Criminal Division – About the Division, available at: <https://www.justice.gov/criminal>.

²⁹ *See* Press Release, Dep't of Just., Department of Justice Releases First-Ever Corporate Enforcement Policy for All Criminal Cases (Mar. 10, 2026), available at: <https://www.justice.gov/opa/pr/department-justice-releases-first-ever-corporate-enforcement-policy-all-criminal-cases>.

³⁰ For further analysis on the CEP, see Client Alert, Latham & Watkins, DOJ Corporate Enforcement Update: The New Department-Wide Self-Disclosure Policy (Mar. 11, 2026), available at: <https://www.lw.com/en/insights/doj-corporate-enforcement-update-new-department-wide-self-disclosure-policy>.