

Clients & Friends Memo

The New Fraud Enforcement Division Takes Shape: DOJ Announces Restructuring and Reallocation of Resources to Support the Division

April 9, 2026

On April 7, 2026, the Department of Justice (“DOJ”) [announced](#) plans to consolidate and realign resources to staff the National Fraud Enforcement Division (the “Fraud Division”) that was created by President Trump in January 2026. The Fraud Division will be led by Colin McDonald, who was confirmed by the Senate on March 24, 2026 to serve as the Fraud Division’s first Assistant Attorney General. DOJ’s announcement reaffirms its May 12, 2025 [internal guidance](#) directing Criminal Division attorneys to prioritize investigating and prosecuting white collar crimes involving waste, fraud, and abuse, including health care fraud and federal program and procurement fraud that harm the public fisc. It also comes on the heels of [Executive Order 14395](#), which establishes the Task Force to Eliminate Fraud, an interagency initiative to stop fraud, waste, and abuse within federal benefit programs.

As set forth in Acting Attorney General Todd Blanche’s April 7, 2026 [memorandum](#) to DOJ attorneys (the “Blanche Memo”), the “core mission” of the Fraud Division “is to zealously investigate and prosecute those who steal or fraudulently misuse taxpayer dollars.” The Fraud Division intends to fulfill this mission by coordinating with agencies responsible for administering benefits programs; partnering with federal, state, and local law enforcement; and utilizing data-driven analytics and investigative resources to efficiently identify fraud schemes involving taxpayer dollars.

To support the Fraud Division’s new mission, the Blanche Memo directs DOJ to take immediate action to consolidate and realign relevant resources to the Fraud Division. Most notably, the DOJ Criminal Division’s Tax Section, the Health Care Fraud Unit, and the Market, Government, and Consumer Fraud Unit will be transferred under the operational control of the Assistant Attorney General for the Fraud Division, effective immediately and for an interim period of up to 30 days. Thereafter, the Deputy Attorney General will make a final decision on a permanent realignment of any DOJ criminal unit or section with a mission similar to that of the Fraud Division, including all attorneys, analysts, and associated support and administrative staff. The Deputy Attorney General may decide at a later time whether DOJ’s non-criminal elements—for example, the Civil Division’s Fraud Section—should also be brought within the Fraud Division.

The Blanche Memo also directs the Civil Division to designate a Fraud Division liaison “to ensure that the Department leverages the full range of enforcement tools—civil and criminal—to combat fraud against taxpayer dollars” and directs each U.S. Attorney’s Office to designate an experienced prosecutor who will be responsible for administering the mission of the Fraud Division in their district. The Fraud Division, in coordination with various DOJ components and members of the Task Force to Eliminate Fraud, is also required “to establish and support a National Fraud Detection Center dedicated to identifying fraud across taxpayer-funded programs and generating leads for investigators and prosecutors.”

The Blanche Memo further directs DOJ to allocate additional resources to the Fraud Division, including by: (i) designing and implementing a hiring plan to enable DOJ “to rapidly and substantially increase prosecutorial resources across the country”; (ii) supporting the Fraud Division’s participation in the Attorney General’s Honors Program; (iii) establishing a grant program or refocusing existing grant programs to enable state and local prosecutors to assist the Fraud Division as Special Attorneys or Special Assistant U.S. Attorneys; and (iv) increasing the number of agents, analysts, and forensic accountants at the Federal Bureau of Investigation to investigate fraud against taxpayer-funded programs.

Key Takeaways

The establishment of the new Fraud Division reinforces DOJ’s continued focus on eliminating fraud, waste, and abuse. The consolidation and realigning of resources into the Fraud Division, along with the allocation of additional resources and coordination across federal and state agencies, signals an imminent increase in investigations and prosecutions of matters involving taxpayer-funded programs and fraud against taxpayer dollars, including procurement fraud, Medicare and Medicaid fraud, and tax evasion and tax fraud. In light of these changes, companies interacting with the government and federally funded programs should maintain strong compliance programs that emphasize the importance of ethical conduct and effectively deter potential misconduct.

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