CLIENT ALERTS & INSIGHTS

White House Announces Creation of New National Fraud Enforcement Division

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Authors: Christopher T. Grohman

Key Takeaways

- The White House has announced the creation of a National Fraud Enforcement Division within the DOJ, aiming to centralize and coordinate enforcement against fraud involving federal programs and funds, with direct oversight from the President and Vice President.
- This move signals a new era of heightened, integrated scrutiny for organizations interacting with federal funds, increasing the risk of parallel civil and criminal investigations-even for issues that previously might have been handled through audits or administrative channels.
- Businesses should promptly review and strengthen their compliance programs, internal controls and reporting mechanisms to prepare for more coordinated and aggressive federal enforcement activity, especially in areas like billing, grant management and representations to federal agencies.

Background

On January 8, the White House released a fact sheet announcing the creation of a National Fraud Enforcement Division within the U.S. Department of Justice (DOJ). According to the Administration, the Division will focus on coordinating and prioritizing enforcement efforts targeting fraud involving federal programs and funds, including healthcare, procurement, financial assistance and emerging forms of large-scale or systemic fraud. 1

The Division will be led by a Senate-confirmed Assistant Attorney General and housed within DOJ, who will report to the President and Vice President directly.2 Vice President J.D. Vance described the unit as being “run out of the White House,” under the direct supervision by the President and Vice President themselves, essentially placing what would traditionally be a DOJ function under political leadership control.3 According to the White House fact sheet, the Division is intended to centralize expertise, and enhance inter-agency coordination, reflecting a policy decision to prioritize fraud enforcement, rather than to supplant existing DOJ components.

More broadly, the Division reflects an enforcement posture focused on scale, coordination, and deterrence, rather than the development of new legal theories. Organizations that interact with federal programs, funds, or regulators should expect more integrated enforcement activity and less tolerance for compliance gaps that span civil, administrative, and criminal domains.

Why This Matters

The new Division is expected to operate alongside, rather than replace, existing DOJ components that handle fraud matters, including the Civil Division, Criminal Division, U.S. Attorneys' Offices and specialized units such as the Fraud Section.[4] Importantly, the Administration has signaled that the Division will have a **broad mandate encompassing both civil and criminal fraud**, raising the likelihood of **parallel or sequential investigations** arising from a single set of facts.[5]

The Division's emphasis on "national" fraud enforcement suggests increased focus on:

- Large-dollar, multidistrict or multiagency investigations;
- Coordination with Inspectors General and other federal agencies administering federal funds; and
- Use of existing enforcement tools, such as the False Claims Act, wire fraud statutes, healthcare fraud statutes and program-specific enforcement regimes, in a more coordinated fashion.

Additionally, the Administration's references to other federal agency's investigations of fraud in Minnesota underscore an intent to engage in multiagency fraud investigations.[6]

Enforcement Implications

The establishment of the National Fraud Enforcement Division signals a shift in emphasis rather than a change in law. By elevating fraud enforcement to a centralized, division-level priority within DOJ, the Administration is increasing the likelihood that fraud matters will be reviewed, coordinated and escalated across components and districts that historically may have operated in parallel or in isolation. For organizations that receive or interact with federal funds, this structure heightens the risk that a single set of facts could give rise to coordinated civil and criminal scrutiny, even where similar issues previously might have been addressed through discrete audits or enforcement channels.

At the same time, the Division does not alter the substantive legal framework governing fraud enforcement. The DOJ will continue to rely on existing statutes, enforcement authorities and liability theories-and its established fraud components and U.S. Attorneys' Offices will remain responsible for investigating and prosecuting cases. There is no indication that the Division is intended to create new categories of fraud liability or supplant DOJ's traditional prosecutorial structures.

Practical Takeaways

Although questions remain regarding timing, staffing and internal DOJ operations, businesses can, and should, assume heightened and more coordinated federal scrutiny-and understand that they are not immune. To prepare, companies should consider:

1. Re-evaluating compliance programs and internal controls, particularly those related to billing, coding, grant management, procurement and representations made to federal agencies.
2. Assessing civil-criminal risk holistically, recognizing that conduct historically addressed through audits or civil inquiries may now draw parallel criminal attention.

3. Enhancing internal reporting and escalation mechanisms to ensure potential issues are identified and addressed early, before they mature into coordinated federal investigations.
4. Reviewing document retention, investigation-response, and privilege protocols, given the increased likelihood of multi-agency and multi-district enforcement activity.

Sidebar: What Healthcare Providers Should Watch

Healthcare providers, management companies and investors should pay particular attention to the following developments:

- **Billing and Coding Practices:** Greater coordination between DOJ, HHS-OIG, CMS and other agencies may accelerate escalation from routine audits to False Claims Act or criminal investigations.
- **Federal Funding and Grants:** Providers receiving federal grants, COVID-era relief funds or other federal financial assistance should expect renewed scrutiny of eligibility, use-of-funds and reporting representations.
- **Parallel Enforcement Risk:** Issues traditionally resolved through repayment, corrective action plans or administrative processes may increasingly proceed alongside civil or criminal investigations.
- **Private Equity and MSO Structures:** Ownership, management and compensation arrangements, particularly those implicating the corporate practice of medicine doctrine, fee-splitting or "control" issues, may draw coordinated review across agencies.
- **Data and Documentation:** Inconsistent documentation across clinical, billing and financial systems may be more readily identified and leveraged in coordinated enforcement actions.

Looking Ahead

The National Fraud Enforcement Division does not rewrite the fraud enforcement playbook, but it signals a more **integrated, centralized and aggressive enforcement environment**. Healthcare organizations that proactively align compliance, operational and legal functions will be best positioned to manage the increased scrutiny that is likely to follow.

1 The White House, *Fact Sheet: President Donald J. Trump Establishes New Department of Justice Division for National Fraud Enforcement* (Jan. 8, 02026), Fact Sheet: President Donald J. Trump Establishes New Department of Justice Division for National Fraud Enforcement - The White House.

2 Cromwell & Moring, LLP, *Trump Administration Rolls Out New DOJ Division for National Fraud Enforcement* (Jan. 16, 2026), Trump Administration Rolls Out New DOJ Division for National Fraud Enforcement | Crowell & Moring LLP.

3 Alan Feuer, *Vance Announces New Justice Dept. Fraud Post to Be 'Run Out of the White House,'* N.Y. Times (Jan. 8, 2026), Fact Sheet: President Donald J. Trump Establishes New Department of Justice Division for National Fraud Enforcement - The White House.

4 Ben Penn, *DOJ Fraud Staffers to Be Protected From New White House-Led Unit*, Bloomberg Law (Jan. 12, 2026), DOJ Fraud Staffers to Be Protected From New White House-Led Unit.

5 The White House, *supra* note 1.

6 *Id.*