

Now & Next

Government Investigations & White-Collar Alert

April 10, 2026

DOJ and FinCEN accelerate federal program and benefits fraud enforcement

By John J. Durham

Establishment of DOJ's National Fraud Enforcement Division, realignment of federal prosecutors, and issuance of FinCEN advisory highlight multifaceted risks for financial institutions.



What's the impact?

- The Department of Justice (DOJ)'s newly-created National Fraud Enforcement Division and law enforcement partners are prioritizing investigations and prosecutions to combat federal program and benefits fraud.
- The Treasury Department's Financial Crimes Enforcement Network (FinCEN) issued a warning regarding suspicious activities involving federal program and benefits fraud, reminded financial institutions of their obligations to be vigilant, directed companies to report misconduct, and proposed guidelines for its whistleblower program.
- Financial institutions should exercise increased due diligence for "red flags" identified in FinCEN's advisory and should consider, where appropriate, proactively reporting suspicious activity and potential violations to government regulators.
- If issues are identified, financial institutions should respond expeditiously, partner with experienced legal counsel, and coordinate comprehensive strategies to avoid civil, regulatory, or even criminal risks stemming from federal program and benefits fraud.

DOJ, FinCEN, and other law enforcement agencies have designated combatting healthcare fraud schemes involving Medicare, Medicaid, and other federal and state benefits programs as a top corporate enforcement priority. DOJ's enforcement efforts will be spearheaded by the newly-created [National Fraud Enforcement Division](#) and overseen by an Assistant Attorney General (AAG), which likely will result in a corresponding increase in investigations and prosecutions by United States Attorneys' Offices and law enforcement agencies across the country. Two recent communications underscore the federal government's assertive posture on fraud enforcement:

- / On March 30, 2026, [FinCEN issued an advisory](#) (March 30 Advisory), which directed financial institutions to increase monitoring for Medicare and Medicaid fraud, and related money laundering activity, warned of two dozen red flags, and issued updated guidance for reporting suspicious activity. That same day, FinCEN issued a press release proposing new rules for the implementation of its [whistleblower rewards program](#), which would offer incentives of 10–30 percent of collected monetary penalties for tips leading to successful enforcement actions by the Treasury or DOJ.
- / On April 7, 2026, Acting Attorney General Todd Blanche [issued a memorandum](#) temporarily moving multiple units, including the Criminal Division's Health Care Fraud Unit, under the new [National Fraud Enforcement Division](#). Blanche framed the 30-day interim realignment as a consolidation of top talent to "zealously investigate and prosecute those who steal or fraudulently misuse taxpayer dollars." The memorandum directs all 93 US Attorneys' Offices to designate an Assistant United States Attorney (AUSA) to support the initiative, with additional support expected from other DOJ divisions.

Taken together, these announcements by DOJ and FinCEN signal that financial institutions and other companies operating in the healthcare and federal program and benefits space must be prepared for greater scrutiny by multiple federal agencies. In sum, DOJ, FinCEN, and their partners are paying increased attention to federal program and benefits fraud, and so must financial institutions and other companies.

DOJ enforcement priorities

Beginning in early 2025, DOJ announced that combatting federal program and benefits fraud would be a top priority. Specifically, a May 12, 2025, memorandum from Matthew Galeotti, the then-Head of the Criminal Division, provided an initial blueprint of [DOJ's criminal enforcement priorities](#), noting that: (1) "[r]ampant healthcare fraud and program and procurement fraud drain our country's limited resources; (2) "[c]orporations and individuals defraud important government initiatives, including Medicare, Medicaid, defense spending, and other programs intended to assist vulnerable citizens; and (3) DOJ "will lead the fight in holding accountable those who exploit these programs and harm the public fisc for personal gain." Moreover, in enumerating its enforcement priorities, the number-one priority identified by DOJ was

investigating and prosecuting “[w]aste, fraud[,] and abuse, including healthcare fraud and federal program and procurement fraud that harm the public fisc.”

More recently, on January 8, 2026, the White House announced the creation of a new DOJ division for national fraud enforcement in order to “combat the rampant and pervasive problem of fraud in the United States . . . and enforce the [f]ederal criminal and civil laws against fraud targeting [f]ederal government programs, [f]ederally funded benefits, businesses, nonprofits, and private citizens nationwide.” While that announcement referenced investigations of allegedly fraudulent activity involving Minnesota programs, it made clear that the new division’s mandate would be broader. Thus, DOJ investigations foreseeably will target exponentially greater frauds in states with more significant populations and benefits claims, including California, New York, Illinois, Massachusetts, and elsewhere. In addition, the January 8, 2026, announcement created a new AAG position at DOJ, which will be responsible for leading DOJ’s investigations of fraud involving federal programs and overseeing multi-district and multi-agency investigations. On March 24, 2026, the [Senate confirmed Colin McDonald](#), a veteran DOJ prosecutor who had worked in the Office of the Deputy Attorney General since the beginning of the administration, for that AAG position. The April 7, 2026, memorandum directing interim Criminal Division components’ reallocation and AUSA support to the new division sends a clear message about the foreseeable trajectory of federal fraud enforcement actions.

Given the emphasis by the White House and DOJ leadership, United States Attorneys’ Offices and law enforcement agencies across the country are visibly shifting greater resources to combatting program and benefits fraud. The District of Massachusetts already did so, on March 27, 2026, when United States Attorney Leah B. Foley announced that she was creating a [Benefit and Voter Fraud Team](#), led by two experienced AUSAs, who would: (1) “actively and aggressively root out benefit fraud in Massachusetts, including SNAP fraud, MassHealth fraud, childcare subsidy fraud and voter fraud”; (2) “support the work of the Vice President’s Anti-Fraud Task Force and [DOJ’s] National Fraud Enforcement Division”; and (3) lead a multi-agency effort, including investigators from Homeland Security Investigations, Internal Revenue Service, the Postal Inspection Service, and several other agencies. This is a continuation of ongoing efforts, including those covered in our September 26, 2025, alert, “[DOJ expands Healthcare Fraud Strike Force in Massachusetts.](#)”

Finally, DOJ’s increased focus on federal program and benefits fraud must be considered in the context of DOJ’s recently announced, first department-wide Corporate Enforcement and Voluntary Self-Disclosure Policy (covered in our March 11, 2026, alert, “[DOJ issues first department-wide corporate enforcement and voluntary self-disclosure policy](#)”). As highlighted therein, the “[n]ew DOJ policy offers declinations for voluntary disclosure, full cooperation, and remediation without aggravating factors,” but time is of the essence and companies must act quickly to receive leniency.

FinCEN Advisory

In addition to DOJ's increased enforcement efforts, FinCEN issued the March 30 Advisory "to urge financial institutions to be vigilant in identifying and reporting suspicious transactions potentially related to healthcare fraud schemes targeting Medicare, Medicaid, and other [f]ederal and state healthcare benefit programs[.]" Further, the March 30 Advisory provided financial institutions with an overview of healthcare fraud schemes targeting benefits programs, related "money laundering typologies," and red flag indicators, and reminded financial institutions of their reporting requirements regarding suspicious activity under the Bank Secrecy Act (BSA). With respect to the "red flags," FinCEN identified [24 potential warning signs of fraud](#) that financial institutions should be on alert for, which might help them identify and report suspicious activity. These include:

- customers and accounts connected to foreign jurisdictions,
- recently established companies and dramatic increases in billing ("spike billing"),
- lack of experience in the healthcare field and ties to unrelated industries, and
- the same owners and accounts linked to multiple companies.

Conversely, if a financial institution fails to exercise adequate diligence, ignores multiple warning signs, and/or fails to report suspicious conduct or potential violations, it could be exposing itself to serious risks.

In conjunction with the March 30 Advisory, FinCEN also issued a press release announcing its [proposal to implement a whistleblower program](#) that would offer incentives and protections for individuals who report tips on fraud and related violations of the BSA. Notably, the proposal includes a provision for "awards of 10–30 percent of collected monetary penalties for individuals whose tip leads to a successful enforcement action by Treasury or the Department of Justice[.]" Thus, companies should anticipate additional whistleblower complaints, which further heightens the need for companies to partner with experienced counsel to investigate any potential violations, perform a risk assessment, and assess whether to self-report in order to benefit from the leniency offered by DOJ's new Corporate Enforcement and Voluntary Self-Disclosure Policy.

Prepare for enhanced DOJ and FinCEN enforcement activity

The recent DOJ and FinCEN announcements clearly signal an increasingly robust enforcement environment targeting federal program and benefits fraud, and related criminal activity, not only by individuals, but also related financial institutions, nonprofits, and other organizations. Nixon Peabody is actively tracking these developments and advisories to help stakeholders understand key compliance risks and best practices, including:

- / increasing vigilance for potential "red flags," including those described in the March 30 Advisory;
- / reporting suspicious transactions to law enforcement or regulatory authorities promptly;
- / strengthening and expanding existing compliance programs and internal review processes;

- / conducting updated training for employees;
- / proactively identifying potential violations and expeditiously conducting investigations to identify and remedy violations; and
- / where appropriate, voluntarily self-reporting violations to DOJ, pursuant to the Corporate Enforcement and Voluntary Self-Disclosure Policy.

Nixon Peabody's [Government Investigations & White-Collar Defense team](#) has deep insight into DOJ's operational ecosystem and interagency coordination, and we are well-positioned to advise financial institutions and other companies regarding navigating the challenges of federal program and benefits fraud in the current enforcement environment. If you identify suspicious conduct, potential violations, or receive a DOJ subpoena, target letter, or inquiry from federal agencies, please reach out to your Nixon Peabody attorney or the author of this article for strategic guidance to help you minimize risk and maintain operational efficacy.

John J. Durham

212.940.3065

jdurham@nixonpeabody.com