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Trump Administration Expands Fraud Enforcement: New Justice Department Division and Treasury Initiatives

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On January 8, 2026, the Trump administration announced in a press conference headlined by Vice President JD Vance and in a subsequent White House fact sheet the plan to create a new Division for National Fraud Enforcement at the U.S. Department of Justice ("DOJ"). According to the fact sheet, this Division—to be led by a new Assistant Attorney General ("AAG")—will "enforce the Federal criminal and civil laws against fraud targeting Federal government programs, Federally funded benefits, businesses, nonprofits, and private citizens nationwide." The day after this announcement, Treasury Secretary Scott Bessent announced several initiatives of the U.S. Treasury Department ("Treasury") aimed at combatting government benefits fraud in Minnesota. We review these developments and discuss their practical implications.

Responsibilities of the New AAG. The fact sheet described the new AAG's mandate as "oversee[ing] multi-district and multi-agency fraud investigations; provid[ing] advice, assistance, and direction to the United States Attorneys' Offices on fraud-related issues; and work[ing] closely with Federal agencies and Department [of Justice] components to identify, disrupt, and dismantle organized and sophisticated fraud schemes across jurisdictions." The new AAG will also "help develop and set national enforcement priorities." The emphasis on interagency coordination resembles other task forces established by the Trump administration in its second term, such as DOJ's Task Force to Combat Antisemitism, Anticompetitive Regulations Task Force, and Trade Fraud Task Force.

The Vice President stated in the press conference that the new AAG will function as a special counsel, enjoying "all the benefits, all the resources, [and] all the authority" that such position entails, but with two crucial differences. First, instead reporting directly to the Attorney General, the AAG and new Division will be run out of the White House under the direct supervision of President Trump and Vice President Vance. Second, the new AAG will be appointed by the President and confirmed by the Senate, a structure that the administration stated would make it more "constitutionally legitimate."

Former DOJ officials have raised concerns about the structure of the new Division and the impact that the White House's direct supervision may have on DOJ's independence with respect to criminal matters.

Although the White House did not provide a concrete answer as to the Division's duration or permanence, the Vice President suggested that its work would continue at least until the end of President Trump's term.

Structural Implications for DOJ. The new Division for National Fraud Enforcement is another step in a series of changes this administration has made to DOJ's structure to promote new enforcement priorities, including:

- The elimination of the Tax Division and transfer of its functions to the Civil and Criminal Divisions.
- The elimination of the Consumer Protection Branch within the Civil Division and incorporation of its functions into the newly created Enforcement and Affirmative Litigation Branch.
- The restructuring of the Criminal Division, including the conversion of the Money Laundering and Asset Recovery Section (formerly known as "MLARS") into a new Money Laundering, Narcotics and Forfeiture Section.
- The creation of the Health & Safety Unit in the Criminal Division.
- The establishment of the Weaponization Working Group.
- The planned closure of DOJ's Community Relations Service.
- The planned reorganization of the Environment and National Resources Division and transfer of several of its functions to the Civil Division and the U.S. Attorneys' Offices.

Many questions remain about the Division for National Fraud Enforcement and how its establishment will impact the Civil and Criminal Divisions' existing fraud sections. Former DOJ officials have voiced skepticism that the new Division will operate as a true litigating division supplanting existing investigative teams. Given the new Division's unique structure and focus on multi-agency coordination, it appears likely that DOJ's existing fraud sections will continue to function in parallel—much like the Task Force to Combat Anti-Semitism works in parallel with DOJ's Civil Rights Division.

Federal Investigation of and Response to the Minnesota Fraud Scandal. In both Vice President Vance's press conference and the White House fact sheet, the Trump administration placed the new Division in the context of the Minnesota fraud scandal—in which a viral video alleging misappropriation of public funds for daycare centers, among other developments, sparked a multi-agency investigation of Minnesota's public benefit programs and non-profits. The fact sheet described the enforcement efforts taken in response to that situation by DOJ and other federal agencies, including the Federal Bureau of Investigation, the Department of Homeland Security, the Department of Health and Human Services, the Small Business Administration, the Department of Housing and Urban Development, the Department of Labor, and the Department of Agriculture.

In the press conference, Vice President Vance stated that the efforts of the new Division for National Fraud Enforcement will "start and focus primarily in Minnesota" but will expand "to be a nationwide effort." The Vice President's comments suggest that the large-scale multi-agency enforcement effort in Minnesota may become the template for other investigations coordinated by the new Division.

Treasury separately announced several initiatives aimed at the social services fraud in Minnesota, characterizing them as "designed to strengthen and safeguard the financial system and protect Minnesota taxpayers." Among those measures were the following:

- *First,* Treasury announced that its Financial Crimes Enforcement Network ("FinCEN") issued investigation notices to Minnesota-based money services businesses. Treasury's press release suggests these notices may be seeking information about these firms' anti-money laundering compliance efforts.

- *Second,* Treasury indicated that Internal Revenue Service ("IRS") civil enforcement is auditing financial institutions "that facilitated the laundering of Minnesota funds." According to Treasury, the IRS also plans to stand up a task force to investigate fraud involving pandemic-era tax incentives and potential misuse of tax-exempt status by entities implicated in the Minnesota fraud schemes.

- *Third*, FinCEN issued a geographic targeting order ("GTO"), scheduled to be effective February 12. 2026, to require banks and money transmitters with branches, subsidiaries, or offices in Minnesota's Hennepin and Ramsey Counties, which include Minneapolis and St. Paul, to report information about funds transfers of $3,000 or more made to beneficiaries or recipients or through financial institutions located outside of the United States.

- *Fourth*, FinCEN issued an alert urging financial institutions to identify and report fraud associated with federal child nutrition programs, particularly suspicious activity in Minnesota. The alert lists red flags to help financial institutions detect and report suspicious activity. Financial institutions filing suspicious activity reports ("SARs") relating to potential fraud in Minnesota are directed to reference this alert in their SAR filings.

Highlights. Although the Trump administration has not yet shared details about the Division for National Fraud Enforcement, the preliminary information and the parallel actions by Treasury provide insight into the administration's priorities and its preferred enforcement strategy:

- The new Division will apparently run out of the White House and be led directly by the President and the Vice President.
- The Division's establishment illustrates the Trump administration's continued focus on fraud relating to federal programs and public benefits.
- The Division's interagency responsibilities reinforce the administration's leveraging of coordinated multi-agency investigations to advance its policy priorities.
- Federal funds recipients should pay close attention to the federal government's ongoing actions relating to Minnesota, as these actions will likely inform how the new Division and other parts of the government will approach future enforcement.
- Financial institutions, particularly those operating in Minnesota and other states on which the administration has focused, should prepare to comply with the new GTO (as applicable) and consider the new FinCEN fraud alert. Institutions, whether operating in Minnesota or not, also may need to review their public benefits fraud detection approaches and implement appropriate enhancements to transaction monitoring and SAR filing processes.
- In light of these developments and other restructurings within DOJ, companies would be well advised to consult counsel about their potential exposure to DOJ's new areas of enforcement focus.

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Please do not hesitate to contact us with any questions.

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