U.S. Department of Justice

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Washington, D.C.

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MEMORANDUM

From: Colin M. McDonald
Assistant Attorney General

COLIN MCDONALD Digitally signed by COLIN MCDONALD Date: 2026.10.01 10:12:38 -04'00'

To: All Fraud Division Personnel

Re: Directive 26-12: Corporate Enforcement in the Fight Against Fraud

The Fraud Division is committed to combating the ongoing and rampant fraud against the United States and American taxpayer dollars. To carry out this fight, Division prosecutors will take an aggressive, all-tools approach to investigating and prosecuting our health care, government, tax, and trade fraud priorities. This broad-based enforcement strategy is critical to protecting and furthering American interests and holding fraudsters fully accountable for their crimes.

Today, I am issuing the following directives to ensure that the Fraud Division's corporate enforcement work efficiently and fairly advances our mission, provides transparency to stakeholders, appropriately incentivizes the disclosure of misconduct, rewards those who cooperate with the government, holds individuals and corporate criminals accountable, and promotes the recovery of fraudulent proceeds for the American people.

I. Principles of Corporate Enforcement

The Department of Justice has a long history of prosecuting companies for fraud committed by their employees, particularly when a company's wrongdoing is serious and pervasive, and its compliance policies, internal controls, and history of misconduct, among other factors, establish that the company caused or encouraged the offense. An effective corporate enforcement practice is a necessary component to advancing the mission of the Department, because it holds criminal entities accountable, furthers individual prosecutions, promotes a culture of compliance and integrity, and protects and fosters honest and good-faith markets and institutions. At the same time, the Department must protect law-abiding companies and

appropriately credit those that demonstrate a willingness to disclose misconduct, cooperate, and remediate.

The Fraud Division's corporate enforcement program will be finely tuned to meet these objectives. We will zealously prosecute corporate actors that defraud taxpayers and the United States of America. And while we aggressively target these bad corporate actors, we will also firmly guard against overbroad corporate enforcement—rightly dividing between shades of corporate malfeasance—lest we interfere with legitimate business operations.

To discharge these principles, Fraud Division prosecutors shall follow the Department's policies concerning corporate enforcement, including the Principles of Federal Prosecution of Business Organizations and the Department-wide Corporate Enforcement and Voluntary Self-Disclosure Policy (CEP). *See, e.g.*, Justice Manual (JM) § 9-28.000.[1] Fraud Division prosecutors should familiarize themselves with the Department's policies regarding the prosecution of business organizations before opening or joining any corporate investigation or prosecution.

II. The Fraud Division's Corporate Enforcement Section

The Division's anti-fraud work covers a wide range of industries and white-collar offenses. With prosecutors deployed across the country, working closely with our U.S. Attorney partners, the Division will consistently and fairly apply the Department's policies to all corporate matters, while also accounting for important differences in subject matter areas such as health care, government, tax, and trade when determining an appropriate course of action in a corporate case.

Earlier this year, I announced the creation of the Division's Corporate Enforcement Section to lead the Division's work to ensure the consistent, fair, and successful prosecution of corporate crime across the Division's entire fraud portfolio. The Corporate Enforcement Section shall actively support our other sections, counseling, litigating, negotiating, and otherwise driving success for our Division in our corporate enforcement efforts. Accordingly, Fraud Division prosecutors shall work closely with the Corporate Enforcement Section at all phases of corporate investigations, from case intake through completion of any corporate resolution or litigation. This approach will maximize efficiency, consistency, and results in the Division's corporate enforcement portfolio, leveraging the unique toolbox of our corporate enforcement specialists.

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[1] The Department-wide CEP is available at https://www.justice.gov/dag/media/1430731/dl.

To start, within seven days of the issuance of this directive, Fraud Division prosecutors shall report any ongoing corporate investigations to the Chief of the Corporate Enforcement Section.[2] In addition, the Corporate Enforcement Section shall be promptly notified of any new corporate investigations, as well as major developments in ongoing corporate cases, and participate in matters as necessary and appropriate to ensure that the Division is dedicating adequate resources to corporate matters and complying with Department policies regarding corporate enforcement.

The Corporate Enforcement Section will also have primary responsibility for evaluating a company's compliance with the terms of any corporate criminal resolution. In particular, the Corporate Enforcement Section will lead the Division's work evaluating a company's efforts to implement or enhance its compliance program, ensuring adequate reporting under any disclosure obligations, and responding to other issues that may arise during the term of the agreement. This division of labor will free up resources in the prosecuting sections to pursue additional individual and corporate cases and allow corporate enforcement experts to assess compliance with corporate resolutions consistently across the Division.

III. Fraud Division Corporate Investigations and Enforcement Actions

The Principles of Federal Prosecution of Business Organizations sets forth a non-exhaustive list of factors to be considered when deciding how to treat a corporation throughout the lifecycle of a corporate case. *See* JM § 9-28.300. To promote transparency and ensure Fraud Division prosecutors are appropriately and efficiently advancing our corporate enforcement mission, I am directing the following.

In opening and conducting a corporate investigation, Fraud Division prosecutors should prioritize:

1. Fraud schemes involving the health care industry, including health care fraud, distribution of controlled substances, and violations of the Federal Food, Drug, and Cosmetic Act;
2. Fraud schemes involving the public trust or financial integrity of Americans and markets related to procurement, government contracts, and other government functions;
3. Fraud schemes involving significant evasion of internal or external revenue; and

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[2] The directives in this policy do not extend to cases assigned to a District Fraud Counsel by a U.S. Attorney's Office that are not also supervised by the Fraud Division. The Corporate Enforcement Section can serve the U.S. Attorney network on fraud matters where helpful to the Department's overall mission.

4. Fraud schemes involving tariff evasion, importation of goods or services, or forced labor.

When recommending appropriate outcomes in corporate matters, Division personnel must place great weight on the following factors in determining whether to bring charges and negotiating plea or other agreements:

1. Knowledge of or involvement in fraud scheme by corporate management;
2. Efforts to conceal fraud from government agencies or auditors or otherwise impede or obstruct a government function or oversight;
3. Conduct that furthers the scheme lasting three years or more;
4. Actions that threaten the safety or security of Americans, including military readiness;
5. Conduct that causes substantial financial hardship to a taxpayer funded program or government function;
6. Conduct that affects multiple taxpayer funded programs or government functions;
7. Conduct that affects three federal districts or more;
8. Conduct that results in financial harm to twenty-five or more victims or $25 million or more in loss;
9. Conduct that involves the exfiltration of American dollars to support foreign adversaries; and
10. Conduct that involves immigration offenses.

These factors are a non-exhaustive list of considerations for prosecutors when applying the Principles of Federal Prosecution of Business Organizations to their cases. A prosecutor may consider any other relevant factor, consistent with the Justice Manual, and place appropriate weight on such factor in deciding a course of action in a corporate case.[3] In all circumstances, Fraud Division prosecutors shall also follow and implement the CEP.

IV. Promoting Disclosure of Misconduct to the Department

Leveraging an infusion of resources, state-of-the-art technology, and data analytics through the National Fraud Detection Center and partner components, the Fraud Division is proactively generating leads and opening new individual and corporate fraud investigations at a rapid pace. Such efforts to root out fraud can be aided by the assistance of individuals and companies who seek to do the right thing and bring criminal fraud out from the shadows. Indeed, the Department has

[3] *See* JM § 9-28.300, B. Comment ("[P]rosecutors must exercise their thoughtful and pragmatic judgment in applying and balancing these factors, so as to achieve a fair and just outcome and promote respect for the law.").

historically relied on honest brokers willing to come forward and share information with the government, even when they share culpability for the misconduct. The Fraud Division's policies must encourage and protect the disclosure of information by whistleblowers, including by those who participated in the criminal conduct.

I am therefore directing Division leadership, in consultation with law enforcement partners, to design and implement policies and programs that appropriately incentivize whistleblowers to bring forward credible information pertaining to fraud and provide the public with transparency to the extent possible regarding those policies and programs. The policies and programs should be designed to uncover criminal conduct, strengthen ongoing investigations, help prevent fraud losses, and enable the Department to effectively respond to both latent and emerging criminal fraud threats.