



U.S. Department of Justice

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Washington, D.C.

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MEMORANDUM

From: Colin M. McDonald
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To: All Fraud Division Personnel

Re: Directive 26-13: A Comprehensive Approach in the Fight Against Fraud

Criminal actors steal hundreds of billions of dollars from the American people every year. That startling statistic will persist unless the public servants responsible for fraud enforcement mobilize all existing tools, deploy new tools, adopt innovative techniques, and steel their resolve to eliminate the fraud epidemic in our country.

The Fraud Division will lead in all these categories. As described in my August 13, 2026 memorandum outlining the Fraud Division's Enforcement Priorities (available [here](#)), this Division will vigorously protect the financial integrity of Americans and their government by zealously prosecuting those defrauding the American people. To achieve our aims, the Fraud Division will use every available tool to identify the full scope of the fraud schemes we investigate; identify and hold accountable all persons and entities that knowingly enable, facilitate, conceal, or profit from those schemes; disrupt and dismantle the networks, infrastructure, and financial channels on which those schemes depend; and advocate zealously at sentencing for accountability, deterrence, victim protection, and financial recovery.

The Attorney General recently delegated to the Fraud Division broad enforcement tools to accomplish its mission, *see* 28 C.F.R. § 0.70, and the Division will use its full arsenal of criminal statutes to investigate and prosecute fraud. Beyond criminal tools, the Division also has authority to, among other things, "seek injunctions against fraud under 18 U.S.C. 1345 . . . [and] seize or forfeit property." *Id.* § 0.70(i). To ensure this Division effectively advances the priorities outlined in my August 13 priorities memorandum, protects all victims harmed by schemes this Division investigates and prosecutes, and is maximally effective in discharging our mandate to deter fraud, I am directing Fraud Division prosecutors to deploy a comprehensive approach to combating, investigating, and prosecuting fraud in all

forms, including in health care, government programs and procurement, tax, and trade.¹

I. ATTACKING FRAUD FROM ALL ANGLES

Complex fraud schemes perpetrated against taxpayer dollars and taxpayer-funded programs often violate a wide range of federal criminal laws and harm Americans of all stripes. To vindicate the government’s interests, prosecutors must assess the appropriate charges in each case—considering the “interests of any victims”—which “[o]rdinarily . . . will include the most serious offense that is encompassed by the defendant’s conduct and that is likely to result in a sustainable conviction.”² In many of our cases, common fraud charges, such as wire fraud, health care fraud, and major fraud against the United States, will vindicate the government’s interests. In other instances, we will bring other charges to fully dismantle the fraud schemes and networks we investigate, maximize recoveries, and secure justice for the American people. Finally, we will deploy aggressive asset forfeiture and recovery principles to ensure fraudulent proceeds are clawed back from fraudsters and returned to their rightful owners.

A. *Tax Offenses*

When fraudsters benefit financially from their crimes, they are required to report their income—whether honestly or fraudulently obtained—to the IRS and pay appropriate income tax. Unsurprisingly, most fraudsters do neither. This failure to report and failure to pay often create two opportunities for fraud prosecutors: additional criminal charges, which reach more of the criminal conduct and help tell the full story, and additional financial penalties, including more authorities to recover money for the public fisc. I am therefore directing Fraud Division prosecutors, in every case, to assess whether there is reason to believe that a violation of the internal revenue laws has occurred. If so, and where tax charges may materially advance the investigation, prosecution, or recovery of assets, prosecutors should invite IRS-CI to evaluate the tax dimensions of the criminal conduct. If IRS-CI joins the investigation, the assigned attorney will work with subject matter experts in the Division’s Tax Section to evaluate and bring appropriate tax charges, consistent with the *Principles of Federal Prosecution* and prioritizing the recovery of unpaid taxes owed for fraudulently obtained or unreported income.

¹ This guidance is not intended to, does not, and may not be relied upon to create, any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

² Justice Manual (JM) §§ 9-27.230, .300.

B. Securities Fraud

Far too often, companies and individuals who benefit from U.S. taxpayer funds or federal agency approvals—whether large-scale procurement contracts, federal health care insurance programs, or authorizations by regulatory agencies like the U.S. Food and Drug Administration—simultaneously defraud the government, abuse the trust placed in federal programs, exploit U.S. markets, and bilk taxpayer dollars. For example, fraudulent health care practices can harm patients, insurance providers, and the investing public from whom such fraud is concealed. Similarly, publicly traded companies contracting with the federal government can defraud both the government and individual investors, who rely on a company's financial statements to make investment decisions. Foreign investment schemes targeting the federal government can undermine the public trust of Americans and threaten the national security interests of the United States.

Accordingly, the Public Trust and Financial Integrity Section will further the Division's core mission to protect U.S. taxpayer dollars and fully vindicate the government's interests.³ Specifically, the Section will target and prioritize securities fraud schemes and market misconduct related to the following programmatic areas: government programs or contracts; schemes to defraud the United States; foreign investment schemes targeting the federal government; schemes targeting U.S. service members; and schemes involving health care, tax, or trade fraud. As appropriate, the Section will also target and prioritize securities schemes and market misconduct identified by Fraud Division prosecutors in the Division's broader portfolio of investigations and prosecutions involving taxpayer dollars and taxpayer-funded programs.

Finally, the Public Trust and Financial Integrity Section will leverage expertise and technology from the Strategic Analysis and Criminal Investigation Sections and the National Fraud Detection Center. Such efforts will use analytical capabilities to correlate federal program, contract, and funding data against market activity, creating an unprecedented intelligence function to generate proactive matters for the Division and its U.S. Attorney partners.

³ Main Justice has long investigated securities fraud cases in coordination with U.S. Attorneys' Offices. This includes early and ongoing consultation with the relevant U.S. Attorney's Office to determine the appropriate venue, charging strategy, and division of responsibility. Nothing in this memorandum is intended to alter that longstanding and successful relationship; this memorandum is intended to direct the Fraud Division to implement a comprehensive approach in close partnership with U.S. Attorneys' Offices to combat fraud in all of its forms.

C. Consumer Fraud and Cybercrime

Likewise, fraudsters often target and harm individual consumers while committing health care fraud or fraud involving taxpayer dollars and taxpayer-funded programs. To protect vulnerable Americans and safeguard the integrity of the American marketplace and health care system, the Division's consumer-related work will focus, as part of its core mission to investigate and prosecute fraud against the public fisc, on scams relating to government programs or contracts; health care, consumer products, medical device or pharmaceutical schemes; service members; and schemes to defraud the United States.

Fraud Division prosecutors should therefore evaluate whether consumer-focused charges—including mail fraud, wire fraud, bank fraud, identity theft, access-device fraud, aggravated identity theft, and offenses involving fraudulent identification documents or access-device solicitations—best vindicate the full range of law-enforcement interests presented in a particular case. Prosecutors should also coordinate, as permitted by law, with relevant investigative, civil, and regulatory partners to stop ongoing consumer harm, preserve evidence, identify victims, and pursue available remedies.

D. Asset Seizures and Injunctions Against Fraud

Criminal actors often spend or hide criminal proceeds before investigators and prosecutors can identify assets, bring charges, and recover the stolen funds. And once caught, fraudsters are usually unable to pay back their victims—including the public fisc. We must take the profit out of fraud and disrupt the means by which criminals advance their schemes. Fraud Division prosecutors will therefore prioritize early seizure of fraud proceeds and early disruption of fraud schemes. To that end, I am directing Fraud Division prosecutors to coordinate closely with the subject matter experts in the Division's Asset Recovery Section at all stages of investigations and prosecutions to advance the Division's priorities. I expect the Asset Recovery Section will pursue the following categories of pre- and post-indictment enforcement actions in coordination with the assigned prosecutor:

1. Restraining orders or seizure letters to freeze assets held in banks and cryptocurrency exchanges shortly after they have been stolen;
2. Warrants and in rem forfeiture proceedings to seize criminal proceeds comprising funds held in accounts, cryptocurrency wallets, securities, and other financial instruments and assets before initiating criminal charges;
3. Warrants to seize websites, domains, online accounts, domestic and international satellite and cellular terminals and related U.S.-based service accounts, and other digital property used to commit fraud or conceal fraud proceeds;

4. Civil actions to obtain restraining orders prohibiting the withdrawal, transfer, removal, dissipation, or disposal of criminal proceeds—or property of equivalent value—of a banking law violation or a health care offense;⁴
5. Civil actions to obtain injunctions against government fraud, banking law violations, and health care offenses;⁵ and
6. Civil actions to obtain prejudgment remedies, including the attachment or garnishment of assets, sequestration of income, and appointment of receivers, for any offense.⁶

The Asset Recovery Section, working alongside our prosecuting sections, should leverage the unique advantages of these tools and any others to disrupt fraud schemes early, maximize recovery for victims, and dismantle fraudsters' schemes and networks.

II. DEVELOPING PROACTIVE COOPERATORS

Fraudsters rarely work alone, partnering with co-conspirators, distributed fraud networks, and transnational criminal organizations offering crime-as-a-service to rob the American people. The proactive cooperation of one or more participants in these fraud schemes is often critical to unraveling them and securing justice for crime victims. Fraud Division prosecutors will therefore leverage proactive cooperators and undercover law enforcement operations to advance the Division's priorities. Fraudsters willing to cooperate will not get a free pass; rather, every cooperator must fully and truthfully accept responsibility for his or her criminal conduct, including forfeiture of property with a nexus to the offenses of conviction and making restitution to the victims of his or her offenses of conviction. Fraud Division prosecutors will, when appropriate, bring to the attention of the court the substantial assistance in the investigation or prosecution that cooperators have provided.⁷ In evaluating cooperation, prosecutors will consider—among other factors—whether the cooperator disclosed criminal activity previously unknown to law enforcement and whether the cooperation resulted in material advancement of an investigation, the

⁴ See 18 U.S.C. § 1345(a)(2).

⁵ See 18 U.S.C. § 1345(a)(1).

⁶ See 28 U.S.C. §§ 3101-3105.

⁷ See U.S.S.G. § 5K1.1; JM § 9-27.000 (describing the *Principles of Federal Prosecution* and Department policy regarding cooperation).

seizure of criminal proceeds or instrumentalities, the conviction of others, and the substantial disruption of ongoing harm.

III. CORPORATE ENFORCEMENT

As I recently described in Directive 26-12, *Corporate Enforcement in the Fight Against Fraud* (available [here](#)), the Fraud Division will zealously prosecute corporate actors that defraud taxpayers and the United States of America. Our corporate enforcement program will be finely tuned to hold criminal entities accountable, further individual prosecutions, promote a culture of compliance and integrity, protect and foster honest and good-faith markets and institutions, protect law-abiding companies, and appropriately credit those that demonstrate a willingness to disclose misconduct, cooperate, and remediate. The subject matter experts in the Division's Corporate Enforcement Section will lead this charge, collaborating with prosecutors throughout the Division, other Department components, and U.S. Attorneys' Offices. Applying the factors and analysis set out in Directive 26-12, the Corporate Enforcement Section will apply its suite of enforcement tools to the Division's priorities—advancing the fight against corporate fraudsters.

IV. ARREST, DETENTION, AND VIOLATIONS OF PRETRIAL RELEASE

Various charged fraud defendants have fled the United States in recent years. As those events have repeatedly shown, many fraud defendants possess substantial financial resources, international connections, access to false identities or travel documents, the ability to move assets or flee abroad, and strong incentives to avoid the accountability of their conduct. Others engage in violent or obstructive conduct. Prosecutors should therefore assess flight risk and danger early and throughout the case, develop a complete record concerning the defendant's means, ties, travel, access to assets, compliance with court orders, history of violence, and risk of obstructive conduct and seek an arrest warrant and detention in all appropriate circumstances. When a defendant violates conditions of release, prosecutors should move promptly for modification or revocation of release conditions, as warranted, to protect the integrity of the proceedings and ensure that the defendant answers for the charged conduct.

V. SENTENCING ADVOCACY

Sentencing is a critical tool for holding defendants accountable, protecting the public, promoting respect for the law, delivering just punishment, deterring future misconduct, and securing restitution and forfeiture for victims and the United States. The following principles shall guide the Fraud Division's sentencing advocacy.

First, Fraud Division prosecutors must not be mechanical at sentencing. Rather, in our sentencing papers, we must vividly recount the greed, lies, and deception underlying the crimes of conviction. And we must effectively highlight the harms of those crimes.

Second, every Fraud Division sentencing presentation must address the urgent need for general deterrence against fraud. Fraud against the American people has reached epidemic proportions. The sentences imposed by the courts must deter others from engaging in similar conduct. In every case then, prosecutors must explain the need for general deterrence and describe how a meaningful sentence will deter similarly situated individuals and organizations from exploiting government programs, financial systems, markets, businesses, and other vulnerable victims. Each litigating Section Chief is directed to develop and maintain best-practices general-deterrence arguments for inclusion in that Section's sentencing materials.

Third, consistent with Department policy, prosecutors should seek all Guidelines enhancements supported by the facts and law and should oppose unwarranted reductions or departures. Further, where the advisory Guidelines range does not adequately reflect the seriousness of the offense, the harm caused, the defendant's culpability, the need for deterrence, or the need to avoid unwarranted sentencing disparities, prosecutors should seek approval to pursue an upward variance or departure as permitted by law.

Fourth, prosecutors should seek restitution, forfeiture, fines, and other financial penalties that reflect the full scope of the offense and promote complete accountability.

Fifth, prosecutors should request conditions of supervised release that reduce the risk of recidivism, protect victims and government programs, and support compliance with restitution and forfeiture obligations.

Sixth, prosecutors must remain alert to sentences that are unreasonable. When a sentence fails adequately to reflect the seriousness of the offense, promote respect for the law, provide just punishment, afford adequate deterrence, protect the public, avoid unwarranted disparities, or account for other applicable sentencing considerations, prosecutors should promptly consult with their supervisors and the Division's Appellate Section regarding whether an affirmative appeal is warranted. Prosecutors should preserve appellate issues by making a complete sentencing record, clearly presenting the Government's requested sentence and supporting rationale, responding to material factual or legal errors, and stating appropriate objections when necessary. As permitted by Department policy, the Division will pursue sentencing appeals when authorized by law and warranted by the facts, the governing standard of review, and the interests of justice.