

DOJ Civil Division's Directive to Prioritize Civil Denaturalization Cases Against Individuals Who "Engaged" in Medicaid/Medicare Fraud

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On June 11, 2025, Assistant Attorney General Brett Shumate issued a memorandum to all U.S. Department of Justice (DOJ) Civil Division employees setting forth enforcement priorities under directives from President Trump and Attorney General Bondi (the Memorandum).^[1] In a previous client alert, we discussed three of the Memorandum's priorities—combating discriminatory practices and policies, ending antisemitism, and protecting women and children. This briefing addresses a fourth enforcement directive: "Prioritizing Denaturalization" that specifies an intention to target the citizenship status of individuals who have "engaged in financial fraud against the United States" including individuals identified in civil federal False Claims Act matters involving allegations of healthcare fraud.^[2]

CIVIL DENATURALIZATION – IN GENERAL

Under 8 U.S.C. § 1451(a), the DOJ may institute civil proceedings to revoke a person's United States citizenship if an individual either "illegally procured" naturalization or procured naturalization by "concealment of a material fact or by willful misrepresentation."^[3] Unlike criminal denaturalization proceedings under 18 U.S.C. § 1425,^[4] which may result in imprisonment, civil denaturalization under 8 U.S.C. § 1451(a) is a court-ordered revocation of U.S. citizenship, which results in an individual reverting to their pre-naturalization immigration status.

THE DIRECTIVE TO PRIORITIZE DENATURALIZATION

The Memorandum instructs Civil Division attorneys to "maximally pursue" denaturalization in all cases permitted by law and supported by the evidence under 8 U.S.C. § 1451 and enumerates ten categorized priorities for denaturalization cases.^[5] The following categories are of particular note because of DOJ's stated goals of expanding the use of the False Claims Act, 31 U.S.C. §§ 3729-3733, to pursue these cases and its encouragement of whistleblowers to initiate action against potential defendants:

- Cases against individuals who pose a potential danger to national security, including those with a nexus to terrorism, espionage, or the unlawful export of sensitive goods, technology, or information,^[6] and
- Cases against individuals who engaged in various forms of financial fraud against the United States (including Paycheck Protection Program (PPP) loan fraud and Medicaid/Medicare fraud).^[7]

The Memorandum clarifies that the enumerated categories are intended to serve as a guide for the Civil Division in prioritizing which cases to pursue but makes clear that the Civil Division shall retain discretion in pursuing cases outside the categories as appropriate.^[8]

POLICY OBJECTIVES IN CIVIL DENATURALIZATION

Importantly, the stated purpose of the Memorandum is not to impose denaturalization in response to crimes allegedly committed—the Civil Division does not engage in enforcement of criminal activity. Through the directives identified above, the memorandum is prioritizing denaturalization of individuals who are accused of or possibly found culpable of civil violations of law. More broadly, DOJ asserts that civil denaturalization upholds the integrity of the naturalization program by ensuring that those who unlawfully obtained citizenship do not retain its benefits.^[9]

The Memorandum does not elaborate on whether the focus of the enforcement initiative will include retrospective targeting of naturalized citizens who have been directly involved in government investigations and civil resolutions in the past as opposed to being only a forward-looking enforcement initiative.

KEY TAKEAWAYS

Denaturalization is now a significant area of DOJ enforcement. Individuals, e.g., senior executives, founders, etc., who are naturalized citizens and who have management responsibility for the effectiveness of their healthcare organization's corporate compliance programs, should take into consideration the DOJ's new stated enforcement priorities. Periodic assessment of the effectiveness of your organization's corporate compliance program is always a prudent defensive measure. The addition of potential further personalized government penalties beyond civil damages and statutory fines under the FCA should create further incentive to maintain robust compliance processes and accountability.

Organizations employing or working with naturalized citizens should consider the following actions to mitigate the increased denaturalization risks:

- Review and update background screening and due diligence in your organization's employee eligibility verification (I-9) process.
- Consider including representations, warranties, and indemnities regarding citizenship status and related disclosures in employment, joint venture, and subcontractor agreements where such status could impact the compliance status of your organization.

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[1] B. Shumate, U.S. Department of Justice, *Civil Division Enforcement Priorities* (June 11, 2025).

[2] Memorandum, at 4.

[3] 8 U.S.C. § 1451(a).

[4] 18 U.S.C. § 1425.

[5] Memorandum, at 4.

[6] Memorandum, at 4 (see line item #2).

[7] Memorandum, at 4 (see line item #6).

[8] *Id.*

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[9] *Id.*

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