



DOJ Alert: New White-Collar Priorities and Stronger Incentives to Self-Report

Update

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DOJ sets out new enforcement priorities for corporate and white-collar crime and emphasizes “focus, fairness and efficiency.”

This week, Matthew R. Galeotti, Head of the Criminal Division at the US Department of Justice, issued a memorandum outlining the Department’s renewed enforcement priorities and updating policies regarding the prosecution of corporate and white-collar crime. In this memorandum, Galeotti emphasized a commitment to addressing “the most urgent criminal threats to the country,” and promoting equality and efficiency throughout the Department. The DOJ will concentrate its efforts and resources on both longstanding areas of focus and new areas identified in the current administration’s “[America First Priorities](#),” memorandum, including:

- **Material Support by Corporations to Cartels, Transnational Criminal Organizations (TCOs) and Foreign Terrorist Organizations (FTOs):** As [Bracewell previously reported](#), the DOJ is intensifying its scrutiny of companies that provide material support or resources to designated FTOs or facilitating the criminal operations of cartels and TCOs through bribery. On his first day in office, President Trump issued a [series of executive orders](#) addressing this issue. Accordingly, businesses operating in high-risk regions such as in parts of Mexico and other areas in Central and South America — as well as the Middle East — are encouraged to adopt robust internal controls and compliance protocols to mitigate investigation and enforcement risk.
- **Waste, Fraud and Abuse (Health Care Fraud and Federal Program and Procurement Fraud):** The DOJ will continue its efforts to hold accountable individuals and corporations that defraud vital government programs such as Medicare, Medicaid and defense-related initiatives, thereby resulting in harm to the public fisc.

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- **Trade and Customs Fraud, Including Tariff and Sanctions Evasion:** The DOJ will focus its resources on combatting these forms of fraud, as they threaten the US economy, American competitiveness and national security.
- **Fraud Perpetuated Through Variable Interest Entities (VIEs):** The America First Investment Policy highlights the importance of investor protection against fraudulent practices tied to certain foreign adversary companies listed on US exchanges. The DOJ will focus its efforts on VIEs — which are typically “Chinese-affiliated” companies listed on US exchanges — that facilitate fraud in the US markets via schemes such as “ramp and dumps,” elder fraud, securities fraud and other forms of market manipulation.
- **Fraud that Victimizes US Investors, Individuals and Markets:** This includes, but is not limited to, Ponzi schemes, investment fraud, elder fraud, servicemember fraud and fraud that threatens the health and safety of consumers.
- **Conduct that Threatens US National Security:** This includes, but is not limited to, threats to the US financial system by gatekeepers, such as financial institutions and their insiders that commit sanctions violations or enable transactions by cartels, TCOs, hostile nation-states and/or foreign terrorist organizations.
- **Complex Money Laundering:** The DOJ will focus on Chinese money laundering organizations and other organizations involved in laundering funds used in the manufacturing of illegal drugs.
- **Violations of the Controlled Substances Act and the Federal Food, Drug, and Cosmetic Act (FDCA):** This includes the unlawful manufacture and distribution of chemicals and equipment used to create counterfeit pills laced with fentanyl and the unlawful distribution of opioids by medical professionals and companies.
- **Bribery and Associated Money Laundering Impacting U.S. National Interests:** The DOJ recognizes that bribery and money laundering undermine US national security, harm the competitiveness of US businesses and enrich foreign corrupt officials.
- **Crimes Involving Digital Assets:** As provided by the Digital Assets DAG Memorandum, the DOJ will focus on crimes (1) involving digital assets that victimize investors and consumers; (2) that use digital assets in furtherance of criminal conduct; and (3) willful violations that facilitate significant criminal activity. Notably, cases involving cartels, TCOs, or terrorist groups, or that facilitate drug money laundering or sanctions evasion will receive the highest priority.

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Related Policy Updates

To address these areas of focus, Galeotti announced that the Department would undergo various policy updates, as summarized below:

- **Incentives for Corporate Self-Reporting:** Acknowledging that not all corporate misconduct warrants prosecution, the DOJ is encouraging companies to self-report violations. In emphasizing its dedication to equality and fairness, the Department has revised the Corporate Enforcement and Voluntary Self-Disclosure Policy (CEP) to now offer clearer benefits — such as potential declinations and fine reductions — for companies that demonstrate transparency, cooperation and a genuine commitment to remediation. In a [recent speech](#), Galeotti stated that companies will have a “clear path to declination” from criminal charges if they “voluntarily self-disclose to the Criminal Division, fully cooperate, timely and appropriately remediate, and have no aggravating circumstances” and that “[c]ompanies that are ready to take responsibility should not be overburdened by enforcement.” Even where a company does not qualify for declination, resolutions resulting in non-prosecution agreements, deferred prosecution agreements or reduced penalties be available. Prosecutors are encouraged to conduct case-by-case assessments of the facts while prioritizing transparency and fairness in their determinations.
- **Streamlined Corporate Investigations:** To promote efficiency in addressing complex, cross-border white-collar investigations, the Department will collaborate closely with relevant authorities to expedite investigations and make timely charging decisions. In fact, the central theme of Galeotti’s memorandum is the emphasis the Department will now place on “three core tenets: (1) focus; (2) fairness; and (3) efficiency.”
- **Enhanced Whistleblower Protections:** Galeotti also directed updates to the Criminal Division’s Corporate Whistleblower Awards [Pilot Program](#) to reflect the DOJ’s current enforcement priorities. In addition to existing categories of eligibility, new eligible “Subject Areas” for whistleblower tips that lead to forfeiture will now include:
 - Corporate violations related to international cartels or TCOs (e.g., money laundering, narcotics, Controlled Substances Act infractions);
 - Corporate breaches of federal immigration law;
 - Material support of terrorism;
 - Corporate sanctions violations;
 - Trade, tariff and customs fraud; and
 - Corporate procurement fraud.

- **Narrowly Tailored Use of Monitorships:** Through this memorandum, the DOJ has emphasized that independent compliance monitorships should only be imposed when a company is unlikely to implement an effective compliance program or otherwise address the root causes of misconduct. When monitorships are deemed necessary, they must be narrowly tailored to meet essential objectives while minimizing cost, burden and disruption to legitimate business operations — further exemplifying how the Department’s three core tenets will be practically applied. In support of this principle, Galeotti announced a new monitor selection memorandum that outlines the key factors prosecutors should consider when evaluating the appropriateness of a monitorship and emphasizes the importance of tailoring the monitor’s scope to the specific risks of future criminal conduct, thereby avoiding unnecessary expenses. The Department has also initiated a case-by-case review of all existing monitorships to assess their continued necessity.

Key Takeaways

To what extent these new focus areas and priorities will truly shift the DOJ’s operations remains to be seen. However, in light of the announcement, companies should consider the following measures:

- Conduct an updated risk assessment and create or revise internal controls and policies to address specific risks that align with DOJ’s stated enforcement priorities.
- Conduct an audit of the company’s compliance program to test and evaluate its effectiveness in preventing and detecting wrongdoing and make necessary policy and internal control changes to address any material weaknesses.
- Review and update policies and processes around internal complaints. Ensuring that stakeholders are encouraged to raise complaints internally so that the company can review, investigate and can self-report if needed is more important than ever.
- Assess and review internal investigation procedures to ensure efficient and thorough internal investigations to capitalize on self-disclosure benefits.

Galeotti’s full memorandum can be reviewed [here](#). For additional guidance on how these developments may impact your organization, please contact Bracewell’s government enforcement & investigations team.