

PUBLICATION

Department of Justice Reports Record-Breaking \$6.8 Billion Year in False Claims Act Recoveries

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When the second Trump administration took office, many legal commentators anticipated major changes to the Department of Justice's (DOJ) enforcement efforts. Some declared federal white-collar enforcement dead as the administration paused Foreign Corrupt Practices Act enforcement in February 2025. But on January 16, 2026, DOJ announced a record-breaking \$6.8 billion in False Claims Act (FCA) settlements and judgements recovered in fiscal year (FY) 2025. This staggering figure more than doubles 2024's \$3.1 billion in FCA recoveries. The announcement from DOJ also reflected a 17 percent increase in new FCA matters from the previous fiscal year. Clearly, reports of white-collar enforcement's demise were greatly exaggerated. FCA enforcement is alive and flourishing, as DOJ is aggressively pursuing fraud claims across multiple sectors of government contracting beyond traditional health care fraud, from civil rights fraud to trade fraud and beyond.

Qui Tam Suits Remain Preeminent

As in past years, most FCA complaints were filed by qui tam relators. This is not surprising. The Attorney General stated her support for qui tam suits in January 2025 during her confirmation hearing. The sentiment was emphasized in May 2025 when DOJ "strongly encourage[d] anyone with knowledge" to file under the FCA, and further encouragement came in August 2025, when DOJ announced the Trade Fraud Task Force, calling on whistleblowers to "utilize qui tam provisions . . . to alert the government to credible allegations of fraud."

As a quick reminder, the FCA's qui tam provision permits private citizens, called relators, to file suit on behalf of the United States. As an incentive, relators then share in a portion of any recovery. When a relator files a qui tam suit, the government can choose to intervene or allow the relator to proceed alone.

While qui tam suits continued to outpace non-qui tam (or government-initiated) enforcement actions, settlement and judgment figures show DOJ is increasingly intervening in relator-initiated actions or otherwise pursuing allegations brought to DOJ's attention by relators in non-health care contracting matters. Recoveries in Department of Defense (DOD)/Department of War (DOW) contracting matters – where DOJ intervened or stepped in to pursue the allegations – increased from \$76 million in 2024 to \$525 million in 2025. At the same time, recoveries in relator-led actions decreased by \$6 million. This trend is consistent with the administration's explicit focus on ensuring a return on investment for taxpayers' dollars. Where there is suspicion that the government has been defrauded, formal government intervention is likely to follow.

Health Care Enforcement Actions Still Dominate

DOJ tracks three categories of recoveries aligned with the primary contracting agencies: Health and Human Services (HHS), DOW, and all other contracting agencies. Historically, health care-related claims have made up the lion's share of FCA recoveries, and that trend did not change. Approximately \$5.7 billion, or 84 percent, of FY 2025's settlements and judgments came from HHS contracts, up from \$1.8 billion in the previous year.

DOJ highlighted three areas of health care fraud underlying this record-breaking figure – managed care, prescription drugs, and unnecessary or substandard care. A large majority of the \$5.7 billion came from prescription drug matters, where federal prosecutors and qui tam relators pursued financially motivated misconduct related to improper dispensing, pricing, or kickbacks. DOJ also highlighted a \$948.8 million judgement against CVS and Omnicare resulting from allegations of improper dispensing of prescription medications in assisted living or long term care facilities.

DOW Contracting Recoveries Spike and Cybersecurity-Related Recoveries Triple

Recoveries from DOW contracts jumped more than 600 percent in 2025, totaling more than \$600 million, driven in large part by allegations involving fraudulent cost and pricing data. However, another explanation for DOJ's increased recoveries in the defense arena is the heightened focus on contractors' requirements to safeguard the government's sensitive information. For decades, reports of nation-state actors targeting defense contractors were reported on by major news outlets. While the DOW implemented requirements for contractors to safeguard sensitive government information, it relied on self-attestations to confirm adherence, with little oversight to enforce the standards.

The SolarWinds breach of 2020 and the Colonial Pipeline attack of 2021 changed the federal government's approach to this problem. In October 2021, [DOJ announced the Civil-Cyber Fraud Initiative](#), and since then, several key cases have grabbed legal headlines. With the maturity of this Initiative, cybersecurity fraud settlements more than tripled in 2025, totaling more than \$52 million. In just a year, the DOW has undertaken fundamental, top-to-bottom changes while serving as a primary kinetic and non-kinetic diplomatic tool and streamlining procurement authorities for the rapid deployment of innovative technologies. One should expect FCA enforcement for DOW-related business to intensify in a congruent manner.

FCA Support to Other Administrative Priorities

Finally, aligned with this administration's emphasis on international trade, DOJ is focusing on tariff and customs avoidance, demonstrating the multifunctional use of the FCA. As examples, DOJ highlighted various types of falsity or fraud in international trade, including misrepresentations of the types of goods being imported or their country of origin. Not surprisingly, several cases focused on importation practices from the People's Republic of China, where trade tensions continue to drive policy and focus. Specifically, DOJ highlighted its [December 2025 \\$54.4 million settlement with Ceratizit USA LLC](#) for knowingly failing to pay duties owed on imports – the largest customs fraud resolution pursuant to the FCA under the "reverse false claim" theory.

America-First Approach to Enforcement

The second Trump administration has made clear that it will be "targeting enforcement actions against conduct that directly undermines U.S. National interests."¹ While this approach to government enforcement was announced in the context of the Foreign Corrupt Practices Act, the past year has shown these words are not limited in application. This is exemplified by the January 2026 suspension of more than 1,000 firms from the 8(a) Business Development Program, with a stated goal to "expose fraud and restore integrity to federal contracting."² That number accounts for roughly 25 percent of all firms registered to participate in federal government contracting programs.

A central theme between the America First agenda and FCA enforcement is the pursuit of accountability and the targeting of fraud. It should be no surprise that the hot ticket sectors of health care and national security will continue to receive focus and pressure for FCA enforcement, but DOJ is certain to utilize the FCA to address its other high-priority initiatives.

With more than 15 former U.S. or Assistant U.S. Attorneys and more than 70 attorneys dedicated to guiding clients through government investigations and defending clients in government enforcement actions, Baker Donelson's **Government Enforcement and Investigations Team** is well-positioned to help navigate this challenging landscape.

¹ Blanche, Todd, Deputy Attorney General, Criminal Division, Guidelines for Investigations and Enforcement of the Foreign Corrupt Practices Act (June 9, 2025).

² SBA Suspends Over 1,000 8(a) Firms from Program Following December Document Request | U.S. Small Business Administration (last accessed February 4, 2026).