

LEGAL ALERT

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DOJ CIVIL RIGHTS FRAUD INITIATIVE SET TO TARGET FEDERAL CONTRACTORS AND GRANTEEES

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The U.S. Department of Justice (DOJ) launched the Civil Rights Fraud Initiative (the “Initiative”), which was announced on May 19, 2025 via [Memorandum](#) from Deputy Attorney General, Todd Blanche, and a related [press release](#) (the “Memorandum”). The Initiative is a coordinated enforcement effort by various DOJ components and other federal agencies to investigate and prosecute alleged civil rights violations committed by recipients of federal funds.

The Memorandum announces that DOJ intends to treat civil rights noncompliance as a form of fraud giving rise to DOJ’s right to investigate and pursue claims under the False Claims Act (“FCA”). As stated in the Memorandum, the FCA is implicated when federal funding recipients or contractors knowingly violate civil rights law and falsely certify compliance with such laws. The FCA is also implicated when a federal grantee knowingly engages in racist preferences, mandates, policies, programs, and activities, including through diversity, equity, and inclusion (“DEI”) programs that assign benefits or burdens on race, ethnicity, or national origin, even if such programs are “camouflaged with cosmetic changes that disguise their discriminatory nature.”

[Executive Order 14173](#) (“EO 14173”), which we have previously reported on, is specifically mentioned in the Memorandum. The Certification Provision of EO 14173 requires contractors and grantees to certify that they are in compliance with all federal anti-discrimination laws and to affirm that they do not operate any programs promoting DEI that violate any applicable Federal anti-discrimination laws. It is readily apparent from the Memorandum that DOJ intends to treat violations of EO 14173’s certification requirements as the basis for fraud investigations and claims brought under the FCA. Exposure to FCA claims raises the stakes for recipients of federal funds because, among other things, violations of civil rights laws and EO 14173’s certification requirements may subject the recipient to treble damages and significant penalties.

Notably, the Memorandum “strongly encourages” *private* enforcement of civil rights fraud through whistleblower complaints from members of the public. Whistleblower lawsuits, also known as *qui tam* lawsuits, allow whistleblowers to sue on behalf of the government for fraud and receive a share of any monetary recovery as an award for coming forward.

The implications of the Civil Rights Fraud Initiative are that contractors and grantees are now subject to increased risk for fraud investigations for alleged civil rights violations and for falsely certifying compliance with civil rights laws. It remains unclear how DOJ will interpret alleged violations of civil rights laws and how forcefully DOJ will enforce these laws. Hahn Loeser will continue to monitor this issue closely and provide updates as they become available.

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