

To the office of U.S. Representative Brad Finstad

Re: HR 9576 (119th Congress), National Fraud Enforcement Division Act of 2026 • Latest action (2026-09-22): Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 679.

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Limited and Accountable Federal Fraud Enforcement Act

The measure, as described from the official record: The bill seeks to protect taxpayer dollars by giving lasting legal authority to a Justice Department unit focused on fraud against taxpayer-funded programs.

THE PROPOSAL

Congress has power to collect and protect federal funds and to create the means to do it. That power comes from Article I, Section 8, Clause 1 to provide for the general welfare through spending, plus Clause 18 to make laws necessary and proper to carry that power into effect. That power is limited by the Fifth Amendment, which requires due process, and by the Tenth Amendment, which leaves general policing to the states. The strongest objection is that a new federal fraud unit could grow into open-ended federal policing; this draft answers it by limiting the unit to fraud against federal dollars, using only existing laws and courts, and barring preemption of state cases.

This proposal would give clear legal authority to a focused National Fraud Enforcement Division inside the Department of Justice. The Division would investigate and prosecute fraud that targets federal dollars and federally funded programs. It would not create new crimes. It would work under existing federal fraud laws and existing court protections, which effectuates the Necessary and Proper authority without expanding federal jurisdiction.

The Division would have a defined and limited mission that respects federalism. It would handle cases involving false claims, misuse, and theft of federal funds. It would coordinate with Inspectors General and federal prosecutors to avoid duplicate cases. It would not take over cases that involve only state or private funds. It would publish an annual public report on cases opened, funds recovered, costs spent, and coordination steps taken.

The proposal adds firm fiscal and time limits. Funding would be capped at \$150 million per year through regular appropriations, with no transfer from program benefits. Authority would expire after five years unless Congress reviews results and votes to continue it. The DOJ Inspector General would audit the Division each year and report to the House and Senate Judiciary Committees.

The proposal also adds due-process safeguards required by the Fifth Amendment. Targets would keep all existing constitutional and legal rights, including notice, counsel, and court review. No

funds could be seized or withheld without lawful process. This structure would fight fraud while respecting state roles, individual rights, and control of federal spending.

OPERATIVE PROVISIONS (VFA PROPOSAL)

Effective Date	First day of the first fiscal quarter beginning at least 180 days after enactment
Enforcement Mechanism	DOJ investigation and prosecution under existing federal fraud statutes, limited to fraud against federal dollars and federally funded programs; Inspector General review and annual public reporting to Congress
Funding Amount	Cap of \$150 million per year, subject to annual appropriations
Funding Source	Annual appropriations from general revenues, with no new tax and no transfer from beneficiary program funds
Oversight Body	Department of Justice with annual audit by the DOJ Inspector General and annual report to the House and Senate Judiciary Committees
Sunset Years	5 years

CONSTITUTIONAL BASIS

- Article I, Section 8, Clause 1
- Article I, Section 8, Clause 18
- Fifth Amendment Due Process
- Tenth Amendment

Concerns with the measure as written:

- The excerpt does not state the constitutional basis, jurisdictional limits, or coordination rules for the proposed Division, which raises a risk of open-ended federal enforcement beyond fraud against federal funds.
 - A permanent new Division without a funding cap, sunset, or independent reporting could expand federal power and spending without regular review by Congress.
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WHY BOTH SIDES CAN BACK IT (VFA'S ASSESSMENT)

VFA assesses this draft would give Republicans a concrete gain in fiscal discipline through a capped, time-limited fraud unit that protects taxpayer dollars with public reporting on recoveries and costs. VFA assesses it would give Democrats a concrete gain in protecting taxpayer-funded programs so funds reach intended beneficiaries, with added due-process safeguards and independent oversight.

Strongest objection, and the answer: The strongest objection is that a new federal fraud unit could grow into open-ended federal policing; this draft answers it by limiting the unit to fraud against federal dollars, using only existing laws and courts, and barring preemption of state cases.

CHECK BEFORE RELYING ON THIS

Basis: This draft is based only on the supplied official summary excerpt for H.R. 9576 in the 119th Congress, fetched 2026-09-20T05:15:00Z, which states the bill would provide statutory

authority for a National Fraud Enforcement Division within DOJ to investigate and prosecute fraud against taxpayer dollars and taxpayer-funded programs, and notes DOJ established the Division in April 2026 with latest action shown as read the second time and placed on Senate Calendar No. 679 on 2026-09-22.

The full bill text, current law, eligibility rules, appeal rights, staffing levels, cost effects, statutory conflicts, and likely votes were not supplied and are unverified; readers should verify the official Congress.gov record at the supplied bill page before relying on scope, funding, or procedural status, and all due-process and reporting safeguards in this draft should be read as new proposed terms.

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