

Trump Second Term: Legal Tracker

NEW CIVIL RIGHTS FRAUD INITIATIVE WILL INVESTIGATE ILLEGAL DEI THROUGH FALSE CLAIMS ACT ENFORCEMENT

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On May 19, 2025, Deputy Attorney General Todd Blanche [announced the formation of the new Civil Rights Fraud Initiative](#) (the “CRFI”), a joint venture between the Department of Justice’s (“DOJ”) Civil Fraud Section and Civil Rights Division that will utilize the False Claims Act (the “FCA”) to “investigate and, as appropriate, pursue claims against any recipient of federal funds that knowingly violates federal civil rights laws.”

The CRFI is the latest measure the Trump Administration has adopted regarding diversity, equity, and inclusion (“DEI”) and builds on [Executive Order 14173](#), which President Trump signed on January 21, 2025. As we previously reported, Executive Order 14173 [seeks to impose FCA liability on government contractors and grantees that maintain illegal DEI initiatives](#), including by requiring such contractors and grantees to certify as to their compliance with federal civil rights laws.

The FCA is an antifraud statute that imposes civil liability on contractors, subcontractors, and grantees (and anyone else) who knowingly submit, or cause to be submitted, a false claim for payment to the federal government. The *qui tam* provisions of the FCA allow a private person — known as a “relator” — to file an action on behalf of the government. The consequences of violating the FCA are severe and can include treble damages, penalties of up to \$28,619 per false claim, debarment and suspension from government procurement programs, and significant reputational damage. In appropriate cases, the government can and does seek individual civil liability, as well as potential criminal charges.

According to Deputy AG Blanche’s May 19th memorandum, the CRFI will pursue FCA investigations and prosecutions against any recipient of federal funds who falsely certifies their compliance with federal civil rights laws. To achieve this goal, the DOJ Civil Fraud Section and Civil Rights Division will coordinate with one another, as well as the DOJ Criminal Division, a specifically designated Assistant US Attorney from each of the 93 US Attorney’s Offices across the country, other relevant federal agencies (including the Department of Labor), state attorneys general offices, and local law enforcement across the country.

Perhaps most significantly, the May 19th memorandum acknowledges that the DOJ “alone cannot identify every instance of civil rights fraud,” so it calls on the general public to undertake private FCA litigation as relators and report incidents of “discrimination by federal-funding recipients.” It also links to a new website that provides specific instructions to the public regarding how to report incidents of alleged fraud.

The CRFI – and the call for assistance from the general public – represents a significant expansion of the government’s FCA enforcement activities. As such, it is more important than ever that any company doing or contemplating doing business with the federal government understand the scope of their DEI activities, consider their risk tolerance in connection with the same, and are mindful of all representations/certifications that they make to the government with respect to civil rights law compliance.

BCLP has a team of knowledgeable employment lawyers and other professionals who are monitoring developments in this area and can help employers evaluate their DEI programs, government contracts, and more. If you or your organization would like more information on this or any other employment issue, please contact any attorney in our Employment and Labor Practice Group.

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