

119TH CONGRESS
2D SESSION

S. 3652

To enhance criminal penalties for welfare fraud, to provide adequate immigration consequences for fraud convictions, to establish a welfare fraud recovery task force, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 15, 2026

Mr. COTTON introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To enhance criminal penalties for welfare fraud, to provide adequate immigration consequences for fraud convictions, to establish a welfare fraud recovery task force, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Welfare Fraud Deter-
5 rence and Recovery Act of 2026”.

1 **SEC. 2. ENHANCED CRIMINAL PENALTIES FOR WELFARE**
 2 **FRAUD.**

3 Section 1001 of title 18, United States Code, is
 4 amended by adding at the end the following:

5 “(d)(1) In this subsection, the terms ‘Federal welfare
 6 program’ and ‘noncitizen’ have the meanings given such
 7 terms in section 4 of the Welfare Fraud Deterrence and
 8 Recovery Act of 2026.

9 “(2) If a person violates subsection (a) with respect
 10 to a matter that relates to a Federal welfare program—

11 “(A) the term of imprisonment imposed under
 12 this section shall be not more than 15 years;

13 “(B) if the defendant is a noncitizen or a natu-
 14 ralized citizen of the United States, the term of im-
 15 prisonment imposed under this section shall be not
 16 less than 2 years; and

17 “(C) if the defendant obtained not less than
 18 \$100,000 as a result of the conduct in violation of
 19 this section, the term of imprisonment imposed
 20 under this section shall be not less than 5 years.”.

21 **SEC. 3. IMMIGRATION CONSEQUENCES FOR FRAUD CON-**
 22 **VICTION.**

23 (a) REENTRY BAR.—Section 212(a)(10) of the Immi-
 24 gration and Nationality Act (8 U.S.C. 1182(a)(10)) is
 25 amended by adding at the end the following:

1 “(F) FORMER NATURALIZED CITIZENS
 2 WHO WERE REMOVED DUE TO A CONVICTION
 3 FOR WELFARE FRAUD.—Any alien who has
 4 been denaturalized under section 340(f) and
 5 seeks readmission to the United States within
 6 20 years of the date of such denaturalization is
 7 inadmissible.”.

8 (b) DEPORTABILITY.—Section 237(a)(2)(A) of the
 9 Immigration and Nationality Act (8 U.S.C.
 10 1227(a)(2)(A)) is amended—

11 (1) by redesignating clause (vi) as clause (vii);

12 and

13 (2) by inserting after clause (v) the following:

14 “(vi) FRAUD.—Any alien who is con-
 15 victed of an offense prohibited under chap-
 16 ter 47 of title 18, United States Code, or
 17 of any offense involving fraud by any court
 18 in the United States is deportable.”.

19 (c) EXPEDITED REMOVAL.—Section 238 of the Im-
 20 migration and Nationality Act (8 U.S.C. 1228) is amend-
 21 ed—

22 (1) by striking the section header and inserting
 23 the following: “**EXPEDITED REMOVAL OF ANY**
 24 **NONCITIZEN CONVICTED OF AN AGGRAVATED**

**FELONY OR ANY OFFENSE INVOLVING
FRAUD.”; and**

(2) in subsection (a)—

(A) in paragraph (1), by striking “any criminal offense covered in section 241(a)(2)(A)(iii), (B), (C), or (D), or any offense covered by section 241(a)(2)(A)(ii) for which both predicate offenses are, without regard to the date of their commission, otherwise covered by section 241(a)(2)(A)(i)” and inserting “any criminal offense described in subparagraph (A)(iii), (A)(vi), (B), (C), or (D), of section 237(a)(2), or any offense described in section 237(a)(2)(A)(ii) for which both predicate offenses are, without regard to the date on which they were committed, otherwise described in section 237(a)(2)(A)(i)”;

(B) in paragraph (2)—

(i) by inserting “or an offense described in section 237(a)(2)(A)(vi)” after “an aggravated felony”; and

(ii) by striking “felon” and inserting “alien”; and

(C) in paragraph (3)(A), by striking “an aggravated felony before the alien’s release

1 from incarceration for the underlying aggra-
2 vated felony” and inserting “an aggravated fel-
3 ony or an offense described in section
4 237(a)(2)(A)(vi) before the alien’s release from
5 incarceration for the underlying crime”.

6 (d) DENATURALIZATION FOR WELFARE FRAUD.—
7 Section 340 of the Immigration and Nationality Act (8
8 U.S.C. 1451) is amended—

9 (1) by redesignating subsections (f), (g), and
10 (h) as subsections (g), (h), and (i), respectively; and
11 (2) by inserting after subsection (e) the fol-
12 lowing:

13 “(f) WELFARE FRAUD.—If a person who has been
14 naturalized under this chapter is convicted of defrauding
15 the United States Government of a Federal public benefit
16 (as defined in section 401 of the Personal Responsibility
17 and Work Opportunity Reconciliation Act of 1996 (8
18 U.S.C. 1611(c))) or defrauding a State or local govern-
19 ment of a State or local public benefit (as defined in sec-
20 tion 411(c) of such Act (8 U.S.C. 1621(c))), and any act
21 or acts leading to such conviction or admission began or
22 occurred after the date of his or her naturalization, the
23 court in which such conviction occurs shall immediately—

24 “(1) revoke, set aside, and declare void the final
25 order admitting such person to citizenship; and

1 “(2) declare certificate of naturalization of such
2 person to be canceled.”.

3 **SEC. 4. WELFARE FRAUD RECOVERY TASK FORCE AND**
4 **CIVIL ACTIONS FOR WELFARE FRAUD.**

5 (a) DEFINITIONS.—In this section—

6 (1) the term “Federal welfare program”—

7 (A) means a program providing a Federal
8 public benefit (as defined in section 401 of the
9 Personal Responsibility and Work Opportunity
10 Reconciliation Act of 1996 (8 U.S.C. 1611(c)));
11 and

12 (B) includes grants under the Child Care
13 and Development Block Grant Act of 1990 (42
14 U.S.C. 9857 et seq.) and the Child and Adult
15 Care Food Program under section 17 of the
16 Richard B. Russell National School Lunch Act
17 (42 U.S.C. 1766);

18 (2) the term “Fund” means the Welfare Fraud
19 Recovery Fund established under subsection (d)(1);

20 (3) the term “noncitizen” has the meaning
21 given the term “alien” in section 101(a) of the Im-
22 migration and Nationality Act (8 U.S.C. 1101(a));
23 and

1 (4) the term “Task Force” means the Fraud
2 Recovery Task Force established under subsection
3 (b).

4 (b) ESTABLISHMENT OF FRAUD RECOVERY TASK
5 FORCE.—The Attorney General, in consultation with the
6 Secretary of Health and Human Services, shall establish
7 within the Department of Justice a Welfare Fraud Recov-
8 ery Task Force to investigate, prosecute, and recover
9 funds lost to fraud in Federal welfare programs.

10 (c) CIVIL SUITS AUTHORIZED.—

11 (1) IN GENERAL.—The Task Force may bring
12 a civil action in the name of the United States
13 against any person who knowingly—

14 (A) submits or causes to be submitted a
15 false or fraudulent claim for payment or ap-
16 proval under a Federal welfare program;

17 (B) uses or causes to be used a false
18 record or statement material to a false or
19 fraudulent claim for payment or approval under
20 a Federal welfare program;

21 (C) conspires to commit a violation de-
22 scribed in subparagraph (A) or (B); or

23 (D) knowingly conceals or improperly
24 avoids or decreases an obligation to pay or

transmit money or property to the Government relating to such a claim.

(2) DAMAGES AND PENALTIES.—

(A) IN GENERAL.—Subject to subparagraph (B), a person engaging in a violation described in paragraph (1) is liable to the United States Government for—

(i) a civil penalty of not less than \$10,000 and not more than \$20,000, which shall be adjusted in accordance with the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. 2461 note);

(ii) 3 times the amount of damages sustained by the United States Government because of the violation by that person; and

(iii) the costs of the civil action, including reasonable attorney fees.

(B) ENHANCED PENALTIES FOR NONCITIZENS.—If the person engaging in conduct described in paragraph (1) is a noncitizen, in addition to the amount imposed under subparagraph (A), the court shall impose a civil penalty equal to 2 times the amount of damages sus-

1 tained by the United States Government be-
2 cause of the violation by that person, plus inter-
3 est at the rate specified in section 3717 of title
4 31, United States Code.

5 (3) STATUTE OF LIMITATIONS.—An action
6 under this subsection may be brought not later than
7 the later of—

8 (A) 15 years after the date on which the
9 conduct described in paragraph (1) is com-
10 mitted; or

11 (B) 3 years after the date when facts ma-
12 terial to the cause of action are known or rea-
13 sonably should have been known by the official
14 of the United States charged with responsibility
15 to act in the circumstances.

16 (4) BURDEN OF PROOF.—In any action brought
17 under this subsection, the United States shall be re-
18 quired to prove all essential elements of the cause of
19 action, including damages, by a preponderance of
20 the evidence.

21 (5) WHISTLEBLOWER PROTECTIONS AND RE-
22 WARDS.—Any individual who provides information
23 leading to a successful recovery under this sub-
24 section shall be entitled to—

1 (A) the protections under section 3730(h)
 2 of title 31, United States Code, that apply with
 3 respect to actions to stop a violation of chapter
 4 37 of such title; and

5 (B) a reward of not less than 15 percent
 6 and not more than 30 percent of the amount
 7 recovered, as determined by the Task Force.

8 (d) USE OF RECOVERED FUNDS.—

9 (1) IN GENERAL.—There is established in the
 10 Treasury of the United States a fund, to be known
 11 as the Welfare Fraud Recovery Fund.

12 (2) CREDITING AND USE OF AMOUNTS.—
 13 Amounts recovered under this section—

14 (A) shall be deposited into the Fund;

15 (B) shall remain available until expended;

16 and

17 (C) shall be available to the Secretary of
 18 Health and Human Services without further
 19 appropriation—

20 (i) to reimburse a Federal welfare
 21 program for losses due to fraud; and

22 (ii) for the cost of investigations and
 23 prevention measures by the Task Force.

24 (e) INTERSTATE AND CROSS-BORDER COOPERATION
 25 FOR FRAUD SCHEMES.—

1 (1) INTERSTATE COOPERATION.—

2 (A) IN GENERAL.—The Task Force shall
3 facilitate cooperation among States for the in-
4 vestigation, prosecution, and recovery of funds
5 related to fraud in Federal welfare programs
6 that involve activities crossing State lines, in-
7 cluding the submission of false claims, the oper-
8 ation of fraudulent entities, or the transfer of
9 funds across State boundaries.

10 (B) INFORMATION SHARING.—The Task
11 Force may enter into memoranda of under-
12 standing with State attorneys general, State
13 welfare agencies, and other relevant State enti-
14 ties to share information, including beneficiary
15 records, audit findings, and financial trans-
16 action data, subject to applicable privacy pro-
17 tections under section 552a of title 5, United
18 States Code (commonly known as “the Privacy
19 Act of 1974”), and other Federal laws.

20 (C) JOINT INVESTIGATIONS AND ENFORCE-
21 MENT.—The Task Force may coordinate joint
22 investigations with States, including the
23 issuance of joint subpoenas, search warrants,
24 and asset freezes. A State participating in a
25 joint investigation shall be entitled to a share of

1 funds in connection with the joint investigation,
2 not to exceed 20 percent of the total amount re-
3 covered, as determined by the Task Force based
4 on the level of cooperation provided.

5 (D) COMPLIANCE REQUIREMENT.—

6 (i) IN GENERAL.—A State receiving
7 Federal funds under a Federal welfare pro-
8 gram shall cooperate with a request for in-
9 formation or assistance from the Task
10 Force.

11 (ii) FAILURE TO COMPLY.—If a State
12 fails to comply with a request for informa-
13 tion or assistance from the Task Force,
14 the head of each agency administering a
15 Federal welfare program may withhold not
16 more than 10 percent of the amounts that
17 would otherwise be provided to the State
18 under the Federal welfare program until
19 the State complies with the request.

20 (2) CROSS-BORDER COOPERATION.—

21 (A) IN GENERAL.—The Task Force, in co-
22 ordination with the Attorney General and the
23 Secretary of State, shall pursue investigations
24 and recoveries for fraud schemes involving
25 international elements, including the transfer of

1 funds to foreign jurisdictions, participation by
2 foreign nationals, or the use of international fi-
3 nancial networks.

4 (B) USE OF INTERNATIONAL AGREE-
5 MENTS.—The Task Force may utilize mutual
6 legal assistance treaties, extradition treaties,
7 and other international agreements to request
8 assistance from foreign governments and inter-
9 national organizations, such as the Financial
10 Action Task Force and the International Crimi-
11 nal Police Organization (commonly known as
12 “INTERPOL”), including the freezing and sei-
13 zure of assets, the extradition of individuals,
14 and the sharing of financial records.

15 (C) ASSET RECOVERY.—In cases where
16 fraudulent proceeds are transferred to foreign
17 accounts or entities, the Task Force may ini-
18 tiate civil forfeiture proceedings under section
19 981 of title 18, United States Code, or seek re-
20 patriation of assets through diplomatic chan-
21 nels. Amounts recovered under this subpara-
22 graph shall be deposited into the Fund.

23 (D) REPORTING.—The Task Force shall
24 submit to Congress an annual report on inves-
25 tigations and recoveries described in subpara-

1 graph (A), including the number of requests
2 made to foreign governments and the amounts
3 recovered.

4 (E) INCENTIVES.—The Secretary of State,
5 in consultation with the Task Force, may
6 incentivize cooperation by foreign governments
7 through conditions on foreign assistance from
8 the United States.

9 (3) AUTHORIZATION OF APPROPRIATIONS.—
10 There are authorized to be appropriated such sums
11 as are necessary to carry out this subsection, includ-
12 ing for personnel, technology, and international liai-
13 son activities.

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