

Opening Statement – Senate Oversight Subcommittee

February 4, 2026

OPENING

Good afternoon, Mr. Chairman and Senators.

Thank you for inviting me to testify. As Chair of the Fraud Prevention Committee in the Minnesota House, I have been working tirelessly over the past year to expose the massive fraud that Tim Walz and his administration have enabled.

We've also proposed solutions and worked to hold state agencies & criminals accountable.

We have a long way to go, but we're getting results.

The amount of fraud in Minnesota is staggering, and we are still at the beginning of understanding its breadth and depth.

Billions of state and federal tax dollars have been stolen by fraudsters.

These are actual crimes that must be punished.

Vulnerable Minnesotans are being hurt by these crimes.

But Accountability is starting.

With my brief remarks, I want to highlight three things:

1. How this started
2. Where the money is going and
3. Provide a roadmap for states to prevent future fraud, and how the federal government can partner with us

HOW THIS STARTED

Multiple vectors of fraud have been exposed by the Minnesota Fraud Prevention Committee.

Let me describe how this seems to have started and how deep it goes.

The original fraud scandal was tied to the Child Care Assistance Program (CCAP), which is a federal/state program to provide assistance for low-income families with childcare.

There had been allegations of fraud in this program since 2013, when the local news outlet did a story on daycare owners like Yasmin Ali of Deqo Family Centers.

By 2014–2015, there were raids, charges, and convictions leading to arrests and charges for billing for non-existent or absent children, with thefts exceeding \$1 million in some cases.

In March and April of 2019, just a few months into the Walz Administration, the Office of the Legislative Auditor, the agency that audits state government in Minnesota, published two reports about the fraud in the CCAP program and the failure of internal controls. These reports highlighted fraudulent providers and the alleged movement of millions in cash out of the state to Somalia – with allegations that the money was going to fund terrorism.

Unfortunately, according to multiple whistleblowers, soon after those reports were released, the criminal investigation unit for childcare fraud – which had been leading the charge on indictments and prosecutions - was shut down by DHS.

Rather than conducting criminal investigations of fraud, the Walz administration essentially just renamed fraud “overpayment” and referred any “overpayment cases” to a new internal DHS “overpayments committee” which would decide if they would try to pursue reimbursement. The DHS staff in the unit were no longer allowed to talk to their counterparts in the Bureau of Criminal Apprehension without prior supervisor approval.

Failure to address the childcare fraud – and the decision to stop doing criminal investigations – led directly to the largest COVID fraud scandal in the nation – a child nutrition scandal known as Feeding our Future - a few years later.

In March of 2020, Rep. Ilhan Omar authored a bill in the House called the MEALS (Maintaining Essential Access to Lunch for Students) Act, HR 6187, which was eventually incorporated into the Coronavirus Preparedness and Response Supplemental Appropriations Act, which was signed on March 18, 2020.

This bill enabled the allowed states to waive the normal eligibility requirements for participating in the National School Lunch Program, eliminating income requirements, site inspections, and expanded distribution methods.

Minnesota took full advantage of these waivers and enabled two groups – Feeding our Future and Partners in Nutrition – to become two of the nation’s most prominent meal fraudsters, billing the state and federal government for hundreds of millions in fake meals for fake children.

Feeding our Future became the largest COVID-related fraud scandal in the country – bilking taxpayers out of at least \$250 million. To date, we have had 78 indictments and 61 convictions in the Feeding our Future scandal, with more cases expected to go to trial this spring. Some of those involved in the earlier childcare fraud were later convicted in Feeding our Future.

The Feeding our Future prosecutions revealed that as many as HALF of those indicted also ran OTHER Medicaid-funded programs. Yet despite reports on this back in 2023, Tim Walz and his agencies didn’t stop those defendants from getting any additional state money in other Medicaid programs.

We have now found fraud in multiple Medicaid programs, including Autism Centers, Sober Homes, Non-Medical Transportation, Integrated Community Supports, & Housing Stabilization Services.

In December, our Committee held a hearing on credible allegations of fraud in two new areas: Adult Day Services and Assisted Living Facilities – some of which have CURRENT ties to indicted Feeding our Future defendants.

We have now seen allegations of fraud in dozens of different Medicaid programs. The former First US Attorney, who led these prosecutions for years, stated last month that he estimated the fraud in 14 Medicaid programs was \$9 billion – this staggering number doesn’t include fraud in other program areas such as SNAP or childcare.

WHERE THE MONEY IS GOING

When Minnesotans pay their taxes, they expect their money is going toward things that help their communities -- roads, schools, health care, law enforcement – not taken by criminals to buy resorts and apartments in Kenya, property in Turkey, and luxury homes & cars in the US.

Worse yet, Minnesota taxpayer dollars have found their way into the hands of terrorist organizations because of the fraud.

There have been both convictions and persistent allegations of Somalis in Minnesota funding terrorist organizations like Al-Shabab, both directly and indirectly.

The money is just walking right onto planes at the Minneapolis airport and leaving the country. Back in the late 20-teens, the estimate was about \$100 million annually in cash going overseas. According the TSA, that number has tripled. In 2024, TSA flagged \$340 million in outbound cash and another \$350 million in 2025. It's astounding!

Some of the money has been used to buy property in Turkey, a resort in Kenya and an apartment building in Nairobi. Millions more has been spent on luxury homes, cars, vacations, and jewelry in the US – as well as a culinary school in OH.

Minnesotans are incredibly frustrated that their hard-earned money has been siphoned off by fraudsters while their taxes keep going up and vulnerable citizens don't get services they need.

ROADMAP FOR STATES AND FEDERAL PARTNERS

Other states should learn from Minnesota's failures – here are some basic common-sense principles to find and stop fraud.

First, culture matters -- fraud flourishes when leaders ignore it and criminals see they can get away with it. Tim Walz hasn't held anyone accountable.

I am shocked that, despite all of the attention on Minnesota, including the testimony of myself and two of my colleagues, essentially nothing has changed. Tim Walz has fired no one, the state continues to deny that there is any serious problem, and whistleblowers still fear for their jobs and security.

Second, fraud flourishes when basic internal controls are not followed. This is not complicated.

Just last week in one of our hearings, I asked the Commissioner of Management and Budget, who has statutory responsibility for internal controls in the state budget, what steps she would take if fraud was identified. Her answer was shocking – she said, “we look at it differently – what we do is step in with support.” They literally don’t see accountability as part of their responsibility for maintaining internal controls and rooting out fraud.

Third, the truth matters. We cannot be cowed by charges of racism or Islamaphobia, which have been successfully weaponized to limit scrutiny on fraud in Minnesota for years.

This is not ancient history – it is still happening. When I testified before the House Oversight Committee on January 7, I was stunned by the name-calling and screaming that occurred. My colleagues and I came to expose the fraud in our state, yet over the course of a short hearing, I was called a racist SIX TIMES.

This is the same playbook that has been used to protect the criminals in Minnesota for YEARS. Any time a whistleblower or legislator raised questions about Somali-run daycares, nutrition sites, autism centers or other businesses, they were either called racist or threatened with charges of racism that would ruin their careers.

As members of this committee know, justice is supposed to be blind. Crime is crime, no matter who is committing it.

Where do we go from here?

Our local, state, and federal governments need to work TOGETHER.

You can help us find the truth in Minnesota and other states that are just starting to uncover similar fraud in their Medicaid, child nutrition and childcare services.

You can also provide more resources to the US Attorney’s office in Minnesota – we need more prosecutors and forensic accountants and CMS needs more fraud investigators to help us get to the bottom of this.

You can also help us tighten requirements on cash leaving the country – there is currently no upper limit on the amount that can be carried out and there is no need to declare any currency taken on domestic flights.

CLOSE

I'm thankful for the brave whistleblowers who have come forward, despite the threats and real retaliation they have received. I'm grateful for the journalists diving deep and exposing this fraud. And I appreciate Chairman Cruz and the members of the committee here today. I hope the lessons we can learn from Minnesota can spare taxpayers in other states from immense fraud.

Vulnerable citizens are hurt when leaders refuse to acknowledge the truth, enable criminals, and allow fraud to flourish.

We will not allow this to continue. Accountability and justice have arrived.

Thank you, Mr. Chairman.