



THE COST OF DOING NOTHING: HOW TIM WALZ AND KEITH ELLISON *FUELED MINNESOTA'S FRAUD EXPLOSION*

Staff Report by the House Committee on
Oversight and Government Reform Majority Staff

June 8, 2026

Executive Summary

In December 2025, the House Committee on Oversight and Government Reform launched an investigation into fraud plaguing Minnesota's social services programs that Governor Tim Walz and Attorney General Keith Ellison failed to halt despite repeated warnings. The Committee's investigation found that senior officials in Minnesota state government, including Governor Walz and Attorney General Ellison, were aware of widespread fraud in federally funded social services programs for years, possessed the legal and procedural authority to stop payments and ban fraudulent providers from participating in these programs, but repeatedly failed to act. As a result, billions of American taxpayer dollars were potentially paid to fraudulent actors. These fraudulently obtained funds likely funded international terrorist networks among other bad actors, while vulnerable populations were harmed and whistleblowers were ignored, sidelined, and retaliated against.

Testimony and documents obtained to date establish a consistent pattern: fraud warnings were elevated to the most senior levels of the Minnesota state government, meaningful corrective action was delayed or avoided, and payments continued long after credible signs of fraud emerged. The Committee learned the following through its investigation:

1. Senior officials in Governor Walz's office and Attorney General Ellison's office were aware of credible, systemic fraud concerns in social services programs as early as 2019 within the Minnesota Department of Human Services (DHS) and by April 2020 within the state Department of Education (MDE), despite later public statements by Governor Walz suggesting otherwise.
2. Minnesota state agencies had clear authority to suspend or stop payments to providers suspected of fraud without requiring independent direction from courts, law enforcement agencies, or the federal government but failed to act.
3. In the case of fraud by non-profit Feeding our Future (FOF), MDE continued payments even after identifying serious program deficiencies. Continuing payments were a voluntary state action and not responsive to any court order to resume payments. The state's decision to continue payments allowed hundreds of millions of taxpayer dollars to continue going to fraudsters for another eight months until the Federal Bureau of Investigation (FBI) executed a search warrant at FOF's offices.
4. Litigation threats and fear of accusations of discrimination, not legal or regulatory barriers, were repeatedly cited by state officials as the reason for continued funding of entities suspected of fraud.
5. Despite Governor Walz's claims, law enforcement agencies, including the FBI, never directed Minnesota state officials to continue payments to Feeding our Future or other suspected fraudulent providers.
6. Instead of trying to stop widespread fraud, Governor Walz's Administration retaliated against employees who tried to raise concerns, going to great lengths to keep them quiet,

including intimidation through regular check-ins with high-level agency officials and threats of surveillance.

7. Concern among senior officials within DHS only arose after they recognized it would receive negative media attention.
8. In 2023, DHS and the Attorney General's office did remove some providers enrolled in Medicaid services and worked with FOF before any convictions of fraud. Otherwise, Minnesota officials were hesitant to stop payments and disenroll providers from services without a final legal determination of fraud.
9. Both Governor Walz and Attorney General Ellison claimed to know very little about the widespread fraud occurring in Minnesota since 2019. The Committee asked Governor Walz and Attorney General Ellison about well-documented events in Minnesota state government during their tenure, and neither were able to provide sufficient answers to Committee Members about when the state government knew about fraud and any measures they took to safeguard taxpayer dollars.
10. These failures allowed an estimated \$300 million in federal child nutrition funds and potentially \$9 billion in Medicaid-related funds to be lost or placed at serious risk.

The Committee's findings cast doubt on the effectiveness of Minnesota's governance and oversight of federal funds. The failure to act decisively in the face of known fraud allowed criminal schemes to flourish and diverted resources away from eligible recipients: the vulnerable populations these programs were intended to serve.

It is imperative that President Trump's Anti-Fraud Task Force, the Department of Justice, and all relevant law enforcement and regulatory agencies perform a thorough review of Minnesota's social services program reimbursements and enrollment from 2019 to the present. Further, legislative efforts at the federal level are necessary to create new safeguards against this massive and preventable waste, fraud, and abuse of federal dollars created by state inaction.

Table of Contents

Executive Summary	2
Background.....	6
Minnesota Department of Education (MDE): \$300 Million in Fraud	6
Minnesota Department of Human Services (DHS): Medicaid and Child Care Programs (Up to \$9 Billion in Fraud)	8
Fourteen “High Risk” Medicaid Programs	9
Housing Stabilization Services (HSS).....	9
Early Intensive Developmental and Behavioral Intervention (EIDBI) benefit 11	
Integrated Community Supports (ICS).....	12
Non-emergency medical transportation (NEMT)	13
The Committee’s Investigation into Widespread Fraud.....	14
The Trump Administration’s Efforts to Combat Fraud in Minnesota and Nationally	16
Findings.....	18
Finding #1. Governor Walz and Attorney General Ellison Knew about Widespread Fraud and Failed to Act.....	18
Early Knowledge Across Programs.....	18
Feeding Our Future.....	18
Department of Human Services.....	25
DOJ Outreach and Scale of Fraud Awareness.....	32
Ignored Massive Funding Spikes	33
Credibility Issues and Downplaying Knowledge.....	37
Finding #2. Systemic Oversight Failures Enabled Widespread Fraud.	47
MDE Failures and Feeding Our Future.....	47
DHS Control and Policy Failures	63
DHS’ Failure to Stop Payments.....	72
Finding #3. Political and External Pressures Distorted Decision-Making....	75
Lobby Influence and Media Concerns	75
Racism Accusations	78
Attorney General Ellison Relationships	80
Unclear if Governor Walz Fired Anyone.....	93
Finding #4. Minnesota Agencies Abdicated Responsibility and Lacked Accountability.	97
MDE Leadership Incompetence	97
DHS Leadership Abdicated Responsibility	100

DHS Leadership Misleading Testimony	104
Finding #5. Retaliation and Suppression of Whistleblowers Undermined Fraud Reporting.	107
MDE and DHS Retaliation Against Whistleblowers	107
Policy Recommendations	126
Conclusion	129
Appendix	130
Background on the Committee’s Investigation into Widespread Fraud in Minnesota’s Social Services Programs	130
Full Testimony and Exhibits	133

Background

Fraud has been a persistent problem in Minnesota for many years. Since 2022, the U.S. Attorney's Office for the District of Minnesota (USAO) has brought charges against at least 113 individuals—the vast majority being from Minnesota's Somali community—in relation to fraud in Minnesota,¹ with at least 64 having already pled guilty or been convicted at trial.² In recent months, Minnesota's DHS designated 14 state Medicaid programs as “high-risk” due to significant fraud.³ According to claims data from the Centers for Medicare & Medicaid Services (CMS), since 2018, these 14 “high-risk” programs have cost taxpayers more than \$18 billion, including \$3.5 billion in 2024 alone.⁴ Currently, the U.S. DOJ is investigating all of these programs, and the USAO suspects that half or more of the \$18 billion in total expenditures attributed to these programs were fraudulent.⁵ The former First Assistant U.S. Attorney in Minnesota stated these fraud schemes occurred in different programs, but they are interconnected, “form[ing] a web that has stolen billions of dollars in taxpayer money. Each case we bring exposes another strand of this network.”⁶

Minnesota Department of Education (MDE): \$300 Million in Fraud

Feeding Our Future (FOF) was a Minnesota-based nonprofit created to provide meals to needy schoolchildren during the COVID-19 pandemic that vastly overstated the number of meals it provided.⁷ FOF dissolved in early 2022 after federal investigators executed search warrants on dozens of its sponsored sites and also froze its assets.⁸ In September 2022, federal prosecutors announced charges against 47 defendants, most of whom are from Minnesota's Somali community,⁹ in a fraud scheme alleged to have stolen nearly \$300 million in funds from the U.S.

¹ Press Release, U.S. Department of Justice, Office of Public Affairs, Minnesota Health Care Fraud Takedown Results in Charges Against 15 Defendants for Over \$90M in Fraud (May 21, 2026); U.S. Department of Justice (@TheJusticeDept), X, (Dec. 29, 2025, 5:28 PM), *available at* <https://x.com/TheJusticeDept/status/2005767943964221610>; and Attorney General Pamela Bondi (@AGPamBondi), X, (Dec. 29, 2025, 5:16 PM), *available at* <https://x.com/AGPamBondi/status/2005764911427731459?s=20>.

(“@TheJusticeDept has been investigating this for months. So far, we have charged 98 individuals – **85 of Somali descent** – and more than 60 have been found guilty in court”) (emphasis added).

² Press Release, U.S. Department of Justice, Office of Public Affairs, Five More Plead Guilty in Minnesota Feeding Our Future Fraud Scheme (Mar. 20, 2026); and Andrew Mark Miller, *Minnesota fraud scandal: Sixth family member who met with AG Ellison set to plead guilty* (Apr. 9, 2026).

³ Press Release, Office of Governor Tim Walz & Lt. Governor Peggy Flanagan, Governor Walz Orders Third-Party Audit of Medicaid Billing at DHS (Oct. 29, 2025).

⁴ Alpha News, *LIVE: First Assistant US Attorney Joe Thompson provides major update on fraud in Minnesota*, YOUTUBE, at 16:27 (Dec. 18, 2025), *available at* <https://www.youtube.com/watch?v=I-JwgzrffWc>.

⁵ *Id.* at 22:34.

⁶ Press Release, U.S. Attorney's Office, District of Minnesota, First Defendant Charged in Autism Fraud Scheme (Sept. 24, 2025).

⁷ Eric Rasmussen, *Feeding our Future plans to dissolve as federal investigation continues*, KSTP (Feb. 25, 2022).

⁸ *Id.*

⁹ Attorney General Pamela Bondi (@AGPamBondi), X, (Dec. 29, 2025, 6:16 PM), *available at* <https://x.com/AGPamBondi/status/2005764911427731459?s=20>.

Department of Agriculture's (USDA) Federal Child Nutrition Programs (FCNP),¹⁰ specifically the Child and Adult Care Food Program (CACFP)¹¹ and the Summer Food Service Program (SFSP),¹² administered by the Minnesota Department of Education (MDE).¹³ Meals funded by the FCNP are to be served at sites sponsored by an authorized nonprofit organization (i.e. Feeding Our Future), and sponsors are responsible for monitoring sites and preparing reimbursement claims for meals and snacks provided to program participants.¹⁴ Sponsors are also responsible for monitoring all facilities they sponsor, as well as training key staff at these facilities about how to comply with federal requirements.¹⁵

During the COVID-19 pandemic, USDA relaxed edibility requirements through waivers which temporarily modified eligibility requirements for sponsors in the FCNP by allowing for-profit restaurants to participate in the program and off-site food distribution to children outside of education programs and meal bundling to be picked-up by parents and guardians.¹⁶ These waivers directed state agencies to have a plan to maintain program accountability and integrity.¹⁷

Fraudsters provided MDE with fake invoices, claiming that FOF and its partners had fed thousands of children, when in reality, the meals were never provided.¹⁸ Significantly, FOF, as a meal site sponsor, was allowed to deduct up to 15 percent¹⁹ “of all Federal Child Nutrition Program reimbursements received by the sites under its sponsorship as its ‘administrative fee,’”²⁰ which allowed them to further enrich themselves. Fraudsters spent millions of taxpayer dollars on luxury cars, houses, foreign companies, and real estate projects in Minnesota, Ohio, Kentucky, and abroad.²¹ MDE officials first became aware of suspicious activity related to FOF

¹⁰ See 42 U.S.C. § 1771 *et seq.*; see, e.g., Keep Kids Fed Act of 2022, Pub. L. No. 117-158, 136 Stat. 1309 (June 25, 2022) (The bill authorizes USDA to establish a nationwide waiver of statutory and regulatory requirements under child nutrition programs for the 2022-2023 school year.).

¹¹ 42 U.S.C. § 1766.

¹² 42 U.S.C. § 1761.

¹³ Press Release, U.S. Department of Justice, U.S. Attorney Announces Federal Charges Against 47 Defendants in \$250 Million Feeding Our Future Fraud Scheme (Sept. 20, 2022).

¹⁴ Application for a Search Warrant, *In re Search of the Single-Family Home Located at 13299 Bronze Parkway, Rosemount, Minnesota 55068, as Further Described in Attachment A*, Case No. 22-MJ-040 TNL, at 12 (Jan. 14, 2022), available at https://www.ag.state.mn.us/Office/Communications/2022/docs/FeedingOurFuture_Records.pdf, [hereinafter “Application for a Search Warrant”].

¹⁵ 7 C.F.R. § 226.16(d); and 7 C.F.R. § 225.15(d).

¹⁶ Application for a Search Warrant, *supra* n. 14, at 12-13; and see MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, MINNESOTA DEPARTMENT OF EDUCATION: OVERSIGHT OF FEEDING OUR FUTURE, at 43-45 (June 2024) [hereinafter “Minnesota OLA: Oversight of Feeding Our Future”].

¹⁷ Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 45.

¹⁸ Press Release, U.S. Department of Justice, U.S. Attorney Announces Federal Charges Against 47 Defendants in \$250 Million Feeding Our Future Fraud Scheme (Sept. 20, 2022).

¹⁹ Press Release, U.S. Department of Justice, Federal Bureau of Investigation, Dozens Charged in \$250 Million COVID Fraud Scheme (Sept. 21, 2022).

²⁰ Application for a Search Warrant, *supra* n. 14, at 14.

²¹ Ernesto Londoño, *How Fraud Swamped Minnesota's Social Services System on Tim Walz's Watch*, THE N.Y. TIMES (updated Nov. 30, 2025); Press Release, U.S. Department of Treasury, Internal Revenue Service, Minneapolis Woman Pleads Guilty in \$250 Million Feeding Our Future Fraud Scheme (Feb. 25, 2025); and Press Release, U.S. Department of Justice, U.S. Attorney Announces Federal Charges Against 47 Defendants in \$250 Million Feeding Our Future Fraud Scheme (Sept. 20, 2022).

in early 2020, but voluntarily chose to keep the money flowing to FOF.²² Concern grew when the number of program applicants overwhelmed MDE, causing department officials to question the validity of the invoices they were receiving, yet they continued to pay FOF with federal taxpayer funds through January 2022.²³

Minnesota Department of Human Services (DHS): Medicaid and Child Care Programs (Up to \$9 Billion in Fraud)

Minnesota provides taxpayer-funded subsidized child care to eligible low-income families through the Child Care Assistance Program (CCAP), which has been fraught with fraud since early 2013.²⁴ Minnesota's DHS was responsible for overseeing and administering CCAP from the program's inception until it was consolidated under the Department of Children, Youth and Families (DCYF) between July 2024 and July 2025.²⁵ In addition to being funded by state and county dollars, this program receives federal funding through HHS's Child Care and Development Fund.²⁶ This fund is made up of discretionary funds authorized under the Child Care and Development Block Grant Act and both mandatory and matching funds appropriated under Section 418 of the Social Security Act.²⁷ There are 4,000 child care centers registered with CCAP in Minnesota alone.²⁸ These child care providers are required to be licensed and to meet documentation requirements, including submitting accurate daily attendance information to the state, in order to receive reimbursements through CCAP.²⁹

CCAP fraud has been a longstanding issue in Minnesota. A former Ramsey County forensic auditor and whistleblower stated he "found dozens of suspected fraud cases involving Minnesota's CCAP more than a decade ago"³⁰ and "felony fraud charges were brought against four separate day care centers."³¹ In May 2018, KMSP-Fox 9 aired a story revealing allegations about an estimated \$100 million in CCAP fraud, according to former DHS forensic investigator Scott Stillman.³²

²² Ernesto Londoño, *How Fraud Swamped Minnesota's Social Services System on Tim Walz's Watch*, THE N.Y. TIMES (updated Nov. 30, 2025).

²³ *Id.*

²⁴ Jay Kolls, *Whistleblower: Minnesota's Child Care Assistance Program has fraud cases dating back 12 years*, KSTP (Oct. 20, 2025).

²⁵ *About Us, Transition to DCYF*, MINNESOTA DEP'T OF CHILD., YOUTH AND FAMILIES (last visited May 29, 2026), available at <https://dcyf.mn.gov/about-us/transition-dcyf>.

²⁶ *The Child Care Assistance Program*, MINNESOTA HOUSE RSCH. DEP'T (last visited May 29, 2026), at 13, available at https://www.house.mn.gov/hrd/pubs/pap_ccap.pdf.

²⁷ *Id.* Section 418 of the Social Security Act pertains to Child Care Entitlements to States.

²⁸ *Child Care Assistance Program Information for Child Care Providers*, MINNESOTA DEP'T OF CHILD., YOUTH, AND FAMILIES (last visited May 29, 2026), available at <https://dcyf.mn.gov/child-care-assistance-program-information-child-care-providers>.

²⁹ *Minnesota Child Care Assistance Program (CCAP) Child Care Provider Guide*, MINNESOTA DEP'T OF CHILD., YOUTH, AND FAMILIES, at 48 (last visited May 29, 2026), available at <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5260-ENG>.

³⁰ *Id.*

³¹ *Id.*

³² Kim Crockett, *Child care welfare fraud*, CENTER OF THE AMERICAN EXPERIMENT (Spring 2019 Issue of Minnesota Thinking).

Following these revelations, the Minnesota Legislature tasked the Office of the Legislative Auditor (OLA) with investigating CCAP fraud.³³ The OLA's March 2019 report included a letter from Jay Swanson, former manager of the Investigative Unit for CCAP, which substantiated Mr. Stillman's claims.³⁴ Mr. Swanson explained that in 2019, child care centers, centered in the Somali community, had defrauded CCAP of at least \$100 million through large-scale overbilling, money laundering, and kick-back schemes, all while providing substandard conditions for children.³⁵ The OLA report also discussed allegations that a portion of CCAP money was sent overseas to fund terrorists in Somalia and the Middle East.³⁶ Concerns about CCAP fraud recently came into national focus when independent journalist and YouTuber Nick Shirley published a video of him and David Hoch, a concerned Minnesotan, visiting Somali-run child care centers that had no signs of actually providing services to children, but collected millions of dollars in CCAP funds and accrued dozens to hundreds of violations.³⁷

According to DCYF spending forecasts, Minnesota expects CCAP expenditures to increase from nearly \$131 million in FY 2024 to over \$281.5 million in FY 2029, an increase of more than 115 percent.³⁸

Fourteen “High Risk” Medicaid Programs

The Department of Justice is investigating 14 Medicaid programs in Minnesota that have been determined as “high-risk” for fraud.³⁹ The DOJ estimates that \$9 billion in federal dollars has been lost to fraud in these programs since 2018.⁴⁰ In this investigation, the Committee has focused on four of these high-risk programs since they have had the most indictments and confirmed cases of fraud: Housing Stabilization Services (HSS), Early Intensive Developmental and Behavioral Intervention (EIDBI), Integrated Community Supports (ICS), and Non-Emergency Medical Transportation (NEMT).

Housing Stabilization Services (HSS)

The Minnesota Housing Stabilization Services (HSS) program is a Medicaid-funded program administered by DHS that helps homeless people 18 years and older and seniors, who have disabilities, including mental illness and substance use disorder, find and keep stable

³³ *Id.*; see MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, CHILDCARE ASSISTANCE PROGRAM: ASSESSMENT OF FRAUD ALLEGATIONS, at appendix B-1 (Mar. 2019).

³⁴ Kim Crockett, *Child care welfare fraud*, CENTER OF THE AMERICAN EXPERIMENT (Spring 2019 Issue of Minnesota Thinking).

³⁵ *Id.*; see MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, CHILDCARE ASSISTANCE PROGRAM: ASSESSMENT OF FRAUD ALLEGATIONS, at appendix B-7 (Mar. 2019).

³⁶ Kim Crockett, *Child care welfare fraud*, CENTER OF THE AMERICAN EXPERIMENT (Spring 2019 Issue of Minnesota Thinking); see MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, CHILDCARE ASSISTANCE PROGRAM: ASSESSMENT OF FRAUD ALLEGATIONS, at appendix B-7 (Mar. 2019).

³⁷ Nick Shirley, *I Investigated Minnesota's Billion Dollar Fraud Scandal*, YOUTUBE (Dec. 26, 2025), available at <https://www.youtube.com/watch?v=r8AulCA1aOQ>.

³⁸ MINNESOTA DEP'T OF CHILD., YOUTH, AND FAMILIES, NOVEMBER 2025 FORECAST, at 8 (Dec. 4, 2025).

³⁹ Alpha News, *LIVE: First Assistant US Attorney Joe Thompson provides major update on fraud in Minnesota*, YOUTUBE (Dec. 18, 2025), available at <https://www.youtube.com/watch?v=I-JwgzrffWc>.

⁴⁰ *Id.*

housing.⁴¹ In 2019, Minnesota submitted the first-in-the-nation HSS request through a State Plan Amendment under §1915(i) of the Social Security Act.⁴² This allowed Minnesota to use Medicaid dollars to pay for certain housing-related services without limiting the number of people who could participate.⁴³

Initial estimates predicted the HSS program would cost \$2.6 million annually, but by 2024, it had skyrocketed to \$108 million per year.⁴⁴ Between 2021 and 2025, the HSS program went from 278 providers serving 8,126 recipients costing \$27.7 million to 883 providers serving 21,679 recipients costing over \$105 million.⁴⁵

Figure 1: HHS Claims Data, 2021-2025⁴⁶

Year	Number of HSS Providers	Number of HSS Recipients	Total Billed for HSS-related Medicaid claims	Total Paid for HSS-related Medicaid claims
2021	278	8126	\$28,586,371	\$27,771,862
2022	458	12,976	\$47,651,975	\$45,813,047
2023	693	17,470	\$83,626,287	\$79,287,495
2024	883	21,679	\$108,937,271	\$105,385,749
2025 (through Sept. 30, 2025)	831	19,004	\$58,875,472	\$57,244,329
Total			\$327,677,376	\$315,502,480

Organizations defrauding HSS would identify vulnerable individuals leaving drug or mental health rehabilitation programs and enroll them in the HSS program.⁴⁷ The organizations then billed Medicaid for services that were never provided, and most clients never received the services they desperately needed.⁴⁸ Fraudsters knew this program was so easy to defraud that

⁴¹ *State Investments in Supportive Housing: An Inventory of State Efforts*, MANATT HEALTH, at 6-7 (Jan. 2020), available at https://shvs.org/wp-content/uploads/2020/01/Supportive-Housing-Chart_Final.pdf.

⁴² See *State Plan Amendment Approval #18-00008*, U.S. DEP'T OF HEALTH & HUM. SERVICES, CENTERS FOR MEDICARE & MEDICAID SERVICES (Aug. 1, 2019), available at <https://www.medicaid.gov/sites/default/files/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/MN/MN-18-0008.pdf>.

⁴³ *State Investments in Supportive Housing*, MANATT HEALTH, 2 (Jan. 2020), available at https://shvs.org/wp-content/uploads/2020/01/Supportive-Housing-Report-Final_Rev.pdf.

⁴⁴ J. Patrick Coolican, *State shuts down \$107 million housing stabilization program, citing fraud*, MINNESOTA REFORMER (Aug. 1, 2025); Ernesto Londoño, *How Fraud Swamped Minnesota's Social Services System on Tim Walz's Watch*, THE N.Y. TIMES (updated Nov. 30, 2025).

⁴⁵ Affidavit of Jared F. Kary in Support of an Application under Rule 41 for a Warrant to Search and Seize, *In re Search of the Business Office Located at 9217 17th Avenue South, Suite 203 Bloomington, Minnesota as Described in Attachment A*, No. 25-mj-861 (DTS), at 8 (D. Minnesota. Dec. 18, 2025), available at <https://docs.house.gov/meetings/GO/GO00/20260107/118796/HHRG-119-GO00-20260107-SD071.pdf>.

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Id.*

they even travelled to Minnesota from out of state to steal Medicaid dollars.⁴⁹

On August 1, 2025, DHS moved to terminate the HSS Program⁵⁰ because of credible allegations of rampant fraud conducted by 77 providers and an assessment that DHS did not “have the necessary controls to stop bad actors.”⁵¹ In March 2026, the Minnesota House of Representatives voted unanimously remove HSS from Minnesota statute, and the Minnesota Senate is advancing a similar bill.⁵²

Early Intensive Developmental and Behavioral Intervention (EIDBI) benefit

Minnesota offers services to children and young adults age 21 and under with autism spectrum disorder (ASD) through the Early Intensive Developmental and Behavioral Intervention (EIDBI) benefit.⁵³ To qualify, an enrollee must have had a Comprehensive Multi-Disciplinary evaluation to establish medical needs, be enrolled in a qualifying health care program, such as Medicaid, and have ASD or a related condition.⁵⁴ Prior to January 1, 2025, Minnesota did not require EIDBI providers to hold a valid Minnesota behavioral analyst license.⁵⁵ Minnesota allowed EIDBI providers to operate without a state license until early 2026.⁵⁶

Between 2019 and 2024, the number of EIDBI service providers in Minnesota increased from 41 to 328, a 700 percent increase.⁵⁷ According to the University of Minnesota’s Minnesota-Autism Developmental Disabilities Monitoring Network, an estimated 1 in 12 eight-year-old Somali children in Minnesota allegedly have ASD, compared to only 1 in 28 eight-year-old children statewide.⁵⁸ Enrollment in the EIDBI program increased from 791 recipients at a cost of \$20.4 million in 2019 to 5,705 recipients at a cost of over \$342 million.⁵⁹

⁴⁹ Press Release, U.S. Department of Justice, U.S. Attorney’s Office, District of Minnesota, Six Additional Defendants Charged, One Defendant Pleads Guilty in Ongoing Fraud Schemes (Dec. 18, 2025).

⁵⁰ News Release, Minnesota Department of Human Services, DHS moves to terminate Housing Stabilization Services program (Aug. 1, 2025).

⁵¹ KSTP Staff, *DHS plans to terminate Housing Stabilization Services program amid concerns of fraud*, KSTP (updated Sept. 18, 2025).

⁵² Kare 11 Staff, *Minnesota House unanimously passes bill to remove Housing Stabilization Services from state statute*, KARE 11 (Mar. 16, 2025).

⁵³ Press Release, U.S. Department of Justice, U.S. Attorney’s Office, District of Minnesota, First Defendant Charged in Autism Fraud Scheme (Sept. 24, 2025).

⁵⁴ *Early Intensive Developmental and Behavioral Intervention (EIDBI) benefit*, MINNESOTA DEP’T OF HUM. SERVICES (updated Jan. 16, 2026).

⁵⁵ David Holt, *New Licensing Requirements for Behavior Analysts Providing EIDBI Services in Minnesota*, HOLT LAW (Dec. 12, 2024).

⁵⁶ Jenna Gloeb, *Just 6 of 500 state autism providers have sought to comply with new licensure requirement*, ALPHA NEWS (Feb. 25, 2026).

⁵⁷ Deena Winter, *States eyeing providers of autism services*, ACCESS PRESS (Aug. 1, 2024).

⁵⁸ Press Release, Minnesota Autism Developmental Disabilities Monitoring Network, UMN researchers report 1 in 12 Somali children and 1 in 28 Hmong identified with autism in the Twin Cities metro area, according to CDC-funded study (Sept. 26, 2025).

⁵⁹ Affidavit of Jared F. Kary in Support of an Application under Rule 41 for a Warrant to Search and Seize, *In re Search of the Business Office Located at 9217 17th Avenue South, Suite 203 Bloomington, Minnesota as Described in*

Figure 2: EIDBI claims data, 2018-2025 (through Sept. 30)⁶⁰

Year	Number of EIDBI Providers	Number of EIDBI Recipients	Total Billed for EIDBI-related Medicaid claims	Total Paid for EIDBI-related Medicaid claims
2018	31	400	\$1,115,046	\$671,339
2019	73	791	\$60,147,793	\$20,456,071
2020	113	1338	\$99,782,330	\$38,121,855
2021	176	2440	\$209,575,457	\$83,026,547
2022	239	3355	\$284,412,878	\$124,537,388
2023	326	4331	\$400,076,995	\$189,139,374
2024	440	5705	\$601,268,592	\$342,821,719
2025 (through Sept. 30, 2025)	482	5887	\$471,729,897	\$290,403,644
			\$2,128,108,988	\$1,089,177,937

The DOJ has revealed that fraudsters contacted parents in the Somali community to recruit their children to attend treatment centers and helped obtain fraudulent autism diagnoses.⁶¹ The fraudsters paid monthly kickbacks to parents of enrolled children, with the amount ranging from \$300 to \$1,500 per month, depending on the level of services DHS approved for the child to receive.⁶²

Integrated Community Supports (ICS)

Integrated Community Supports (ICS) is a Medicaid-funded program that provides support and services to adults age 18 and older with disabilities who choose to live in apartments or other residential settings in the community.⁶³ Like other Minnesota state-run Medicaid programs, ICS experienced explosive growth following its inception in 2021,⁶⁴ when there were 28 ICS providers covering 164 recipients at a cost of \$4.6 million.⁶⁵ In 2024, there were 458 ICS providers covering 2,444 recipients costing over \$170 million.⁶⁶ This represents not only a

Attachment A, No. 25-mj-861 (DTS), at 6 (D. Minnesota Dec. 18, 2025), available at <https://docs.house.gov/meetings/GO/GO00/20260107/118796/HHRG-119-GO00-20260107-SD071.pdf>.

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² *Id.*

⁶³ *Home & Community Based Services Authorities, 1915(c)*, U.S. DEP'T OF HEALTH & HUM. SERVICES, CENTERS FOR MEDICARE & MEDICAID SERVICES (last visited May 29, 2026).

⁶⁴ Press Release, U.S. Department of Justice, U.S. Attorney's Office, District of Minnesota, Six Additional Defendants Charged, One Defendant Pleads Guilty in Ongoing Fraud Schemes (Dec. 18, 2025).

⁶⁵ Affidavit of Jared F. Kary in Support of an Application under Rule 41 for a Warrant to Search and Seize, *In re Search of the Business Office Located at 9217 17th Avenue South, Suite 203 Bloomington, Minnesota as Described in Attachment A*, No. 25-mj-861 (DTS), at 12 (D. Minnesota. Dec. 18, 2025), available at <https://docs.house.gov/meetings/GO/GO00/20260107/118796/HHRG-119-GO00-20260107-SD071.pdf>.

⁶⁶ *Id.*

massive growth in the size of the program, but also in the cost-per-recipient, which increased from more than \$28,000 to nearly \$70,000 in only three years.

Figure 3: ICS Claims Data, 2021-2025 (through Sept. 30, 2025)⁶⁷

Year	Number of ICS Providers	Number of ICS Recipients	Total Billed for ICS-related Medicaid claims	Total Paid for ICS-related Medicaid claims
2021	28	164	\$5,989,340	\$4,638,314
2022	128	663	\$31,757,471	\$26,097,517
2023	357	1,634	\$96,470,686	\$88,082,081
2024	458	2,444	\$178,916,125	\$170,776,456
2025 (through Sept. 30)	457	2,366	\$150,077,911 (on pace for \$200,103,881)	\$134,511,581 (on pace for \$179,348,775)
Total			\$463,211,533	\$424,105,949

The DOJ has confirmed that fraud in the ICS program has not only resulted in stolen federal dollars but has caused the death and homelessness of disabled program recipients.⁶⁸ Rick Clemmer, a disabled ICS recipient, was neglected by his service providers and found dead in his apartment in March 2025.⁶⁹ In June 2025, a disabled woman living in an apartment that was heavily subsidized by her fraudulent ICS caregiver, American Home Health Care LLC, was evicted and became homeless because the company stopped paying rent to the apartment building's owners.⁷⁰ This woman has been homeless since her eviction, while the owner of American Home Health Care LLC lives in a high-end home with an indoor basketball court.⁷¹

Non-emergency medical transportation (NEMT)

NEMT, which was created to help Medicaid recipients with transportation to medical appointments, is another high-risk Medicaid program that fraudsters have exploited in the past.⁷² A report from the U.S. Department of Health and Human Services Office of Inspector General (HHS OIG) concluded that from October 1, 2012 through September 30, 2013, DHS “[] received at least \$1,871,457 million in improper Federal Medicaid reimbursement” for NEMT.⁷³ The

⁶⁷ *Id.*

⁶⁸ Press Release, U.S. Department of Justice, U.S. Attorney’s Office, District of Minnesota, Six Additional Defendants Charged, One Defendant Pleads Guilty in Ongoing Fraud Schemes (Dec. 18, 2025).

⁶⁹ A.J. Lagoe, *et al.*, *KARE 11 Investigates: Death raises new fraud allegations in Minnesota’s Medicaid-funded ICS program*, KARE 11 (updated Nov. 20, 2025).

⁷⁰ A.J. Lagoe, *et al.*, *KARE 11 Investigates: Evicted, homeless, paying the price for Minnesota’s fraud crisis*, KARE 11 (updated Feb. 13, 2026).

⁷¹ *Id.*

⁷² See U.S. DEP’T OF HEALTH & HUM. SERVICES, OFF. OF INSPECTOR GEN., MINNESOTA DID NOT ALWAYS COMPLY WITH FEDERAL AND STATE REQUIREMENTS FOR CLAIMS SUBMITTED FOR THE NONEMERGENCY MEDICAL TRANSPORTATION PROGRAM (Sept. 15, 2017).

⁷³ *Id.* at 3.

HHS OIG found that Minnesota failed to ensure that providers complied with federal and state requirements for documenting and claiming services and in some instances “the beneficiary did not receive a Medicaid-covered health care service on the transportation date.”⁷⁴ Recent public awareness of fraud in the NEMT program stems from Nick Shirley’s reporting on suspicious providers operating out of apartment complexes, unmarked offices, and a corner store, including some companies that are listed at one single address.⁷⁵ Shirley’s reporting shows how one of the company locations does not even have a parking space for the vehicles and others have vehicles present, but no visible signs of use.⁷⁶

The Committee’s Investigation into Widespread Fraud

On December 3, 2025, the Committee launched its investigation into reports of widespread fraud in Minnesota’s social services programs that receive federal funds. The Committee sent formal requests to Governor Walz and Attorney General Ellison expressing concern that they “were fully aware of this fraud and chose not to act for fear of political retaliation,” allowing billions of taxpayer dollars to be stolen.⁷⁷ The Chairman’s letters included requests for documents and communications showing knowledge of or participation in widespread fraud in Minnesota and whether Governor Walz or Attorney General Ellison limited or stopped investigations into this fraud.⁷⁸ On December 17, 2025, the Minnesota Solicitor General and the Attorney General’s office responded on behalf of Governor Walz and Attorney General Ellison by producing a limited and incomplete set of documents and communications responsive to the December 3, 2025, letter.⁷⁹ Governor Walz’s office produced only a mixed set of 48 documents and email communications, many of which contained publicly available information in press releases or were duplicative, totaling 177 pages.⁸⁰ Attorney General Ellison’s office produced only 11 documents (including one duplicate), totaling 97 pages.⁸¹

During its investigation, the Committee also conducted transcribed interviews with nine key current and former Minnesota state officials:

- **Emily Honer**, Director of Nutrition Program Services for MDE (2023 to Present), previously Supervisor of Business Operations and Support Services for MDE (2019-2023)

⁷⁴ *Id.*

⁷⁵ Elaine Mallon, *YouTuber alleges an additional \$16M in fraud tied to Minnesota transportation companies*, KOMO NEWS (Jan. 15, 2026).

⁷⁶ *Id.*

⁷⁷ See Letter from James Comer, Chairman, H. Comm. on Oversight and Gov’t Reform, to Tim Walz, Governor, State of Minnesota (Dec. 3, 2025); and see Letter from James Comer, Chairman, H. Comm. on Oversight and Gov’t Reform, to Keith Ellison, Att’y Gen., State of Minnesota (Dec. 3, 2025).

⁷⁸ See Letter from James Comer, Chairman, H. Comm. on Oversight and Gov’t Reform, to Tim Walz, Governor, State of Minnesota (Dec. 3, 2025); and see Letter from James Comer, Chairman, H. Comm. on Oversight and Gov’t Reform, to Keith Ellison, Att’y Gen., State of Minnesota (Dec. 3, 2025).

⁷⁹ Email from Staff, Office of Liz Kramer, Solicitor General, State of Minnesota, to H. Comm. on Oversight & Gov’t Reform Majority Staff (Dec. 17, 2025) (on file with the Committee); and Email from John Stiles, Deputy Chief of Staff, Office of Minnesota Attorney General Keith Ellison, to H. Comm. on Oversight & Gov’t Reform Majority Staff (Dec. 17, 2025) (on file with the Committee).

⁸⁰ Governor Walz Response dated Dec. 17, 2025 (on file with the Committee).

⁸¹ Att’y Gen. Ellison Response dated Dec. 17, 2025 (on file with the Committee).

- **Daron Korte**, Assistant Commissioner for MDE (2014 to Present)
- **Mary Cathryn Ricker**, Former MDE Commissioner (2019 to 2021)
- **Tony Lourey**, Former DHS Commissioner (January 2019 to July 2019)
- **Dave Greeman**, Former DHS Chief Financial Officer (2021 to 2025)
- **Eric Grumdahl**, Former DHS Assistant Commissioner of Homelessness & Housing Support (2022 to 2025)
- **Shireen Gandhi**, then-Temporary DHS Commissioner (February 2025 to February 2026), previously Deputy Commissioner for Agency Effectiveness (2022-2025), Assistant Commissioner for Agency Effectiveness (2021-2022), and Chief Compliance Officer for DHS (2017-2021)
 - Six days after then-Temporary Commissioner Gandhi sat before the Committee for a transcribed interview, Governor Walz appointed her to serve as the Commissioner of DHS.⁸² Governor Walz removed Gandhi from the Commissioner role on May 4, 2026, one day before her confirmation hearing before the Minnesota Senate, amid scrutiny of her role in stopping fraud.⁸³
- **Jodi Harpstead**, Former DHS Commissioner (2019 to 2025)
- **Chris Schmitter**, Former Chief of Staff for Governor Tim Walz (2019 to 2025)

On January 7, 2026, the Committee held a hearing with Members of the Minnesota House of Representatives—Kristin Robbins, Marion Rarick, and Walter Hudson—members of the Fraud Prevention and State Agency Oversight Policy Committee.⁸⁴ These legislators testified that social services fraud has been a major problem in Minnesota for years, but the Walz Administration has not done anything to stop it.⁸⁵ The legislators explained that the Walz Administration retaliated against state employees who brought forth concerns about fraud to not upset their Democrat political base.⁸⁶

On March 7, 2026, the Committee held a hearing with Governor Walz and Attorney General Ellison on what they knew about widespread fraud in Minnesota, when they knew about it, and what they did, if anything, to try to stop it.⁸⁷ Minnesota officials confirmed in their testimony they were more worried about continuing these government services than stopping fraud.⁸⁸ When asked about stopping payments while fraud investigations were underway, Governor Walz said that he does not “think in all cases that pausing those payments is the right action.”⁸⁹

⁸² Press Release, Office of Governor Tim Walz & Lt. Governor Peggy Flanagan, Governor Walz Appoints Shireen Gandhi Human Services Commissioner (Feb. 23, 2026).

⁸³ KSTP, *Walz reshuffles DHS leadership amid fraud scrutiny and day before confirmation hearing*, KSTP (May 5, 2026).

⁸⁴ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part I: A Hearing before the H. Comm. on Oversight & Gov’t Reform*, 119th Cong. 2 (Jan. 7, 2026).

⁸⁵ *Id.* at 6 (statement of Representative Kristin Robbins).

⁸⁶ *Id.* at 7 (statement of Representative Kristin Robbins).

⁸⁷ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov’t Reform*, 119th Cong. 2 (Mar. 4, 2026).

⁸⁸ *Id.* at 72.

⁸⁹ *Id.*

Throughout this investigation, the Committee has spoken to nearly 30 whistleblowers, most of whom are current employees in the Walz administration, with intimate knowledge of the Walz Administration's failures to identify and eliminate fraud. They have faced retaliation for raising concerns. A comprehensive account of major requests and actions taken by the Committee in the course of its investigation is available in the appendix section.

The Trump Administration's Efforts to Combat Fraud in Minnesota and Nationally

CMS determined that due to Minnesota's noncompliance with Federal law in the administration of the Medicaid program, the state would no longer receive matching federal funds. On January 14, 2026, CMS published a "notice of opportunity for hearing" in the Federal Register based on a letter sent on January 6, 2026,⁹⁰ which put Governor Walz on notice that his state's Medicaid agency was "operating its program in substantial noncompliance with federal requirements" because it "fails to adequately identify, prevent, and address fraud in its Medicaid program."⁹¹ Based on these findings, CMS determined that it would withhold federal matching Medicaid payments until Minnesota comes into compliance with federal law.⁹² Following CMS's notification, Minnesota froze all provider enrollment for its high-risk programs in January 2026.⁹³ Governor Walz has come under heavy criticism for not adequately addressing this fraud, and on January 5 announced that he was ending his campaign for a third term as Governor of Minnesota.⁹⁴

On February 25, 2026, the Trump Administration's CMS withheld **\$259,505,491** in Medicaid federal matching funds to Minnesota.⁹⁵ The withholding is based on CMS's ongoing review of the state's Medicaid spending for the fourth quarter of FY 2025,⁹⁶ which found state expenditures of \$243.8 million for unsupported or potentially fraudulent Medicaid claims, including in its Housing Stabilization Services (HSS), Early Intensive Developmental and Behavioral Intervention (EIDBI), and Integrated Community Supports (ICS) programs, as well as \$15.4 million for claims involving individuals lacking a satisfactory immigration status.⁹⁷ Critically, CMS also concluded that based on "the widespread concerns that these fraudulent activities were undertaken by individuals with ties outside of the U.S. and that some of the funds were then transferred outside of the United States, CMS saw nothing in the corrective action plan

⁹⁰ Notice of Opportunity for Hearing on Compliance of Minnesota State Plan Provisions Concerning Program Integrity and Fraud, Waste, and Abuse With Title XIX (Medicaid) of the Social Security Act, 91 Fed. Reg. 1539 (Jan. 14, 2026) [hereinafter "Program Integrity and Fraud, Waste and Abuse"]; and Andy Schneider, *CMS Weaponizes Fraud Against Minnesota in Medicaid*, GEORGETOWN UNIV., MCCOURT SCH. OF PUB. POLICY (Jan. 16, 2026), available at <https://ccf.georgetown.edu/2026/01/16/cms-weaponizes-fraud-against-medicare-in-minnesota/>.

⁹¹ Program Integrity and Fraud, Waste and Abuse, *supra* n. 90.

⁹² 42 C.F.R. § 430.35.

⁹³ Riley Moser, *Minnesota DHS freezes new provider enrollment for 13 Medicaid services over fraud concerns*, CBS NEWS (Jan. 8, 2026).

⁹⁴ Melissa Turtinen, *Tim Walz ends reelection campaign for governor of Minnesota*, FOX 9 (Jan. 5, 2025).

⁹⁵ Press Release, U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services, Trump Administration Prioritizes Affordability by Announcing Major Crackdown on Health Care Fraud (Feb. 25, 2026).

⁹⁶ *Id.*

⁹⁷ *Id.*

(CAP) that would result in the State being able to understand ownership or corporate structure of providers and how the State will work with law enforcement to assure that no Medicaid funds are used to support criminal international entities.”⁹⁸

In response to this rampant and pervasive fraud, the Trump Administration created a new division within DOJ for national fraud enforcement, led by an appointed, Senate-confirmed Assistant Attorney General.⁹⁹ President Trump also created the Task Force to Eliminate Fraud, Chaired by Vice President Vance, to advise President Trump and coordinate a government-wide effort to combat fraud, waste, and abuse in Federal benefit programs.¹⁰⁰ On April 28, 2026, a joint effort by the FBI and Department of Homeland Security Investigations executed 22 search warrants on businesses suspected of fraud in Minnesota,¹⁰¹ including the Quality Learning Center, made infamous by Shirley’s video.¹⁰² On May 21, 2026, the Taskforce to Eliminate Fraud announced the Minnesota Health Care Fraud Takedown: 15 new indictments of providers who defrauded CCAP, HSS, EIDBI, and ICS for over \$90 million and the deployment of 15 new prosecutors across the country where Medicaid fraud risk is the greatest.¹⁰³ The Trump Administration and the Task Force to Eliminate Fraud continue work to stop fraudsters in Minnesota and across the country.

⁹⁸ *Id.*

⁹⁹ *Fact Sheet: President Donald J. Trump Establishes New Department of Justice Division for National Fraud Enforcement*, THE WHITE HOUSE (Jan. 8, 2026).

¹⁰⁰ Exec. Order No. 14395, 91 Fed. Reg. 13485 (Mar. 16, 2026).

¹⁰¹ Andrew Goudswaard & Brad Brooks, *US agents raid 22 Minnesota sites in social-welfare fraud probe*, REUTERS (Apr. 28, 2026).

¹⁰² Howard Thompson, *Fraud in MN: Quality Learning Center among businesses raided by FBI on Tuesday*, FOX 9 (updated Apr. 28, 2026).

¹⁰³ Press Release, U.S. Department of Justice, Office of Public Affairs, Minnesota Health Care Fraud Takedown Results in Charges Against 15 Defendants for Over \$90M in Fraud (May 21, 2026).

Findings

Finding #1. Governor Walz and Attorney General Ellison Knew about Widespread Fraud and Failed to Act.

Early Knowledge Across Programs

Governor Walz and Attorney General Ellison knew about fraud much earlier than they led the public to believe. The Governor and the Attorney General knew about fraud in the Child and Adult Care Food Program (CACFP) and the Summer Food Service Program (SFSP) as early as April 2020, despite contrary claims made to the media. The Governor and the Attorney General knew about fraud in the Child Care Assistance Program as well as Non-Emergency Medical Transportation program as early as spring 2019. The Governor and the Attorney General also became aware of fraud in 13 additional high-risk Medicaid programs at various times during their tenure and failed to act.

Feeding Our Future

- On April 24, 2020, MDE Business Operations Supervisor Emily Honer informed FOF that MDE would not be approving eight new food sites that FOF had applied to sponsor during the onset of the pandemic.¹⁰⁴ Four days later, on April 28, 2020, FOF served MDE with an administrative complaint, draft lawsuit and litigation hold.¹⁰⁵ The draft lawsuit and emails from FOF contained conspicuous allegations about discrimination against minorities.¹⁰⁶ Within 24 hours after receiving the draft lawsuit, on April 29, 2020, the Walz Administration's MDE suddenly did an about-face, approving all eight of FOF's site applications plus an additional 10 new sites.¹⁰⁷ These events are critical for understanding what Governor Walz, his administration and his political allies, particularly Attorney General Keith Ellison, knew about the FOF fraud and when did they know it.
- Critically, Governor Walz and his staff have given three conflicting answers to the question about what the Governor knew about the FOF fraud and when he knew it. Originally, Governor Walz told a reporter he was verbally briefed about suspicious activity in *April or May of 2020*, "very early in the program,"¹⁰⁸ a full 19 months prior to his administration ending federal taxpayer funding to FOF.¹⁰⁹ Governor Walz's staff then called back the same reporter, claiming Governor Walz "misspoke" and issued a new

¹⁰⁴ Application for a Search Warrant, *supra* n. 14, at 17.

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ Michelle Griffith, *When did Gov. Tim Walz know about the Feeding Our Future fraud?*, MINNESOTA REFORMER (Sept. 30, 2022).

¹⁰⁹ Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 19.

statement that he actually became aware of the FOF fraud allegations in the summer of 2020.¹¹⁰ Later, Governor Walz's staff would correct their own correction, claiming that Governor Walz first became aware of the allegations in November 2020, when FOF filed a civil lawsuit against MDE.¹¹¹

- At the March 2026 hearing, Governor Walz claimed that he did not know the specific date that he became aware of fraud in the federal nutrition programs that FOF sponsored,¹¹² despite his three earlier statements to the media that he was made aware at various times during 2020.¹¹³

Oversight of Fraud and Misuse of Federal Funds in Minnesota Part II

Rep. Foxx. Governor Walz, when did you first become aware of the fraud in Feeding Our Future? A specific date, please.

Governor Walz. Well, Congresswoman, it is good to see you, and having served in your job for 12 years, **I can tell you my job is a little different as governor for 7 years. I take a lot of meetings. I certainly wouldn't specifically state, but I think during that pandemic, I think by late 2020, we started to see the irregularities. They were flagged, and I will note that we cooperated.**

Rep. Foxx. Right, but the State officials were aware of the fraud in early 2020.

Governor Walz. So, you are asking when I, in my office, the Governor became aware.

Rep. Foxx. Yes.

Governor Walz. **And I don't have a specific date.**



¹¹⁰ Griffith, *supra* n. 108.

¹¹¹ *Id.*

¹¹² *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 21-22 (Mar. 4, 2026).

¹¹³ Griffith, *supra* n. 108.

- At the hearing, Governor Walz continued to obfuscate when he first knew about suspected fraud with FOF. Governor Walz testified that he did not know anything about the FOF lawsuit and refused to state that he was briefed in April 2020 when FOF received the draft lawsuit.¹¹⁴

Oversight of Fraud and Misuse of Federal Funds in Minnesota Part II

Rep. Foxx. This Committee has testimony that the Minnesota Department of Education briefed your office about the Feeding Our Futures draft lawsuit and litigation hold on April 28, 2020. Let me jog your memory. Is that correct?

Governor Walz. **I can't speak specifically to that, and if it is my –**

Rep. Foxx. Okay. It was April 2020. That means Feeding Our Future received a total of over \$200 million in Federal funds after you and your Administration knew about the fraud concerns. Why didn't you stop sending money to Feeding Our Future as soon as the fraud concerns were raised?

Governor Walz. Congresswoman, following the program. We notified USDA under the Trump Administration's first term. We had notified them, too, because it is a program administered out of USDA, and they were working to work through the process.



¹¹⁴ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 22 (Mar. 4, 2026).

- Assistant Commissioner Korte's testimony supports Governor Walz's initial statement to the reporter, which his office later retracted, that he was verbally briefed about suspicious activity in April or May of 2020.¹¹⁵ Assistant Commissioner Korte told the Committee that he briefed two members of the Governor's staff about the April 28, 2020, draft lawsuit and litigation hold.¹¹⁶

Assistant MDE Commissioner Daron Korte (February 3, 2026)

- Q. Do you know if the Governor or his staff were briefed by anybody at MDE at the time this draft lawsuit was received?
- A. **Yes. So I would have -- in those regular meetings with the education policy adviser and their education attorney, I would have briefed them on the potential of a lawsuit coming.**



Assistant MDE Commissioner Daron Korte (February 3, 2026)

- Q. And if you remember, would those briefings with Commissioner Ricker or with the Governor's Office, would those have been pretty soon after receiving the draft lawsuit on April 28th, 2020?
- A. **It's possible, yeah, it's possible that I just said, hey I need time to talk about this right now. It can't wait until our next update. But if our next update was like the same day or the day after, then maybe I would have waited. I can't really recall. But, yeah, it's definitely something that would have risen to the level of like, hey, I need a separate meeting on this.**

¹¹⁵ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 106-07 (Feb. 3, 2026).

¹¹⁶ *Id.*



- Further, MDE Assistant Commissioner Daron Korte also testified that the April 2020 draft lawsuit was almost identical to the lawsuit Partners in Nutrition filed against MDE in 2015. Assistant Commissioner Korte stated, “actually, it looked like it was kind of the same document that was just kind of cut and pasted and the names changed.”¹¹⁷ The same MDE personnel who were involved with the FOF April 2020 draft lawsuit, which included claims about racial discrimination, were also employed by MDE when Partners in Nutrition and Aimee Bock attempted to engage in the same fraudulent scheme in 2015. Because of this, MDE and Attorney General Ellison’s office should have been on high alert for fraudulent activity on the part of Ms. Bock.
- Commissioner Mary Cathryn Ricker even told the Committee that she was briefed on MDE’s strained relationship with FOF when she started as Commissioner because of these previous “legal issues,” referring to the lawsuit that Partners in Nutrition brought against MDE.¹¹⁸
- On September 26, 2022, Minnesota Attorney General Keith Ellison issued a press release which misrepresents the timeline regarding his office’s knowledge about and potential involvement in FOF’s administrative complaint, draft lawsuit and initial litigation threats against MDE. Although FOF served MDE with an administrative complaint, draft lawsuit and litigation hold on April 28, 2020, the same month FOF made litigation threats,¹¹⁹ Attorney General Ellison’s press release reads, “In the fall of 2020, when MDE first confronted Feeding Our Future about its suspicious growth, Feeding Our Future responded by threatening a lawsuit. This is when the Attorney General’s Office stepped in. From that point forward, the Attorney General’s Office was by MDE’s side through all stages of the litigation and investigation.”¹²⁰
- Assistant Commissioner Korte’s testimony to the Committee contradicts Attorney General Ellison’s timeline about when his office was first informed about a potential lawsuit by FOF. Mr. Korte testified that he notified the Attorney General’s Office about a

¹¹⁷ *Id.* at 106.

¹¹⁸ Transcribed Interview of Mary Cathryn Ricker, Former Comm’r, Minnesota Dep’t of Educ., at 26 (Feb. 5, 2026).

¹¹⁹ Transcribed Interview of Daron Korte, Assistant Comm’r, Minnesota Dep’t of Educ., at 106 (Feb. 3, 2026).

¹²⁰ Press Release, The Office of Minnesota Attorney General Keith Ellison, For two years, Attorney General Ellison’s office has held Feeding Our Future accountable (Sept. 26, 2022).

potential lawsuit in April 2020 but was unable to recount when all the communications related to the matter were fully turned over the Attorney General's office.¹²¹

- Further, MDE did not have an official general counsel until January 2022.¹²² Because MDE did not have a general counsel on April 28, 2020, when FOF served the administrative complaint, draft lawsuit and litigation hold, the Attorney General's office, as legal counsel for Minnesota state government agencies,¹²³ would likely have been involved in the legal process from that day forward. Assistant Commissioner Korte testified that "[p]rior to that, [January 2022] I was kind of serving in that role, not with that title but I was the chief legal counsel for the agency."¹²⁴ The OLA reported that MDE finally established a General Counsel in January 2022 after the FBI raided FOF-sponsored sites and terminated FOF sponsorships, nearly two years after MDE became suspicious about possible FOF fraud.¹²⁵
- It wasn't until March 2021, almost a year after MDE suspected FOF of committing fraud, that MDE found FOF in "serious deficiency" for failure to comply with federal program requirements, placing a stop-pay order against FOF sites.¹²⁶ Daron Korte confirmed that MDE always had the authority to place a stop-pay order without USDA approval, but MDE, due to their fear of being taken to court, resumed payments to FOF on April 30, 2021.¹²⁷

Assistant MDE Commissioner Daron Korte (February 3, 2026)

Q. And, just to clarify, there would have been no way for MDE to unilaterally make a decision on terminating funds for Feeding our Future.

A. **I think we could have. You know, we could - we could unilaterally make that decision, but we just knew, with Feeding our Future, it was going to end up in court and had the potential to be overturned. But that is to say, like, we don't need USDA's approval to proceed- with termination, is my understanding of how the process works.**

¹²¹ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 107 (Feb. 3, 2026) (*see* Appendix, at pg. 133 for testimony).

¹²² *Id.* at 12-13; Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 30.

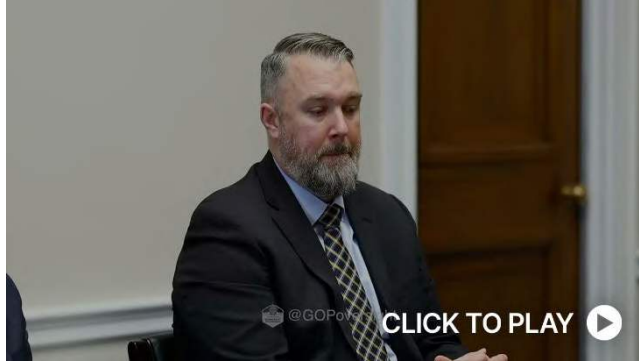
¹²³ *About our office*, THE OFF. OF MINNESOTA ATTORNEY GEN. KEITH ELLISON (last visited May 29, 2026), *available at* <https://www.ag.state.mn.us/office/>.

¹²⁴ *Id.* at 13.

¹²⁵ Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 5.

¹²⁶ *Id.* at 88.

¹²⁷ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 89 (Feb. 3, 2026).



- MDE Assistant Commissioner Daron Korte confirmed that MDE had complete authority to stop payments in April 2021 if they wanted to but chose not to because of fear of litigation.¹²⁸

¹²⁸ *Id.*

Department of Human Services

- In May of 2018, Chuck Johnson, the former Deputy Commissioner of DHS who retired in 2022, emailed former DHS Commissioner Emily Piper and Governor Dayton's office informing them that virtually all of their active fraud investigations of child care centers were owned and operated by Somali-Americans.¹²⁹

*Excerpt from an email dated May 11, 2018 from Chuck Johnson to Former DHS Commissioner Emily Piper and Governor Dayton's Office*¹³⁰

A. 5/11/18 email (before the Fox9 story) from Chuck Johnson to Emily Piper and members of the Governor's office, sates "We have a dozen or so active fraud investigations of child care centers. Virtually all of these centers are owned and operated by Somali-Americans. "	DeanPart B - 1 (Fulfills Dean's original ask for "Communications with the Governor's office regarding CCAP fraud")(p25-26)
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- The Walz Administration knew about fraud in two DHS-administered programs—Child Care Assistance Program and Non-Emergency Medical Transportation—in early 2019.¹³¹ In his transcribed interview, former DHS Commissioner Tony Lourey also said that he was communicating with Chris Schmitter, Governor Walz's former Chief of Staff, about these concerns in 2019.¹³²

¹²⁹ CCAP Data Practices Request Summary (Dec. 24, 2019), at 29 (on file with the Committee).

¹³⁰ *Id.*

¹³¹ Transcribed Interview of Tony Lourey, Former Comm'r, Minnesota Dep't of Hum. Services, at 31-33 (Feb. 6, 2026).

¹³² *Id.* at 40-41.

Former DHS Commissioner Tony Lourey (February 6, 2026).

Q. Moving on, you said earlier that you had communicated with Mr. Chris Schmitter?

A. Yes.

Q. What were the nature of those communications with Mr. Schmitter?

A. Primarily updates on negotiations with the budget. Well, and initially crafting the budget -- the Governor's proposed budget -- and then the negotiations of the Governor's proposed budget, and the legislature's pieces that they liked, didn't like, pieces that they added. Primarily budget negotiations.

Q. During that time, did you have any conversations -- let me rephrase that. Did you have any communications with Mr. Schmitter regarding fraud or program integrity concerns regarding the medication assisted therapies program, the Nonemergency Medical Transportation program, or the Child Care Assistance Program?

A. **To the extent we were working on the program integrity issues, yes, I was communicating with Chris Schmitter about what the proper oversight and tools and authority needed were.**

Q. And just to clarify, that would have been in 2019?

A. **That would have been in 2019, yes.**

Q. Do you know if Mr. Schmitter then briefed the Governor or passed that information along to the Governor about the program integrity or the major program integrity concerns that DHS had at that time?

A. I can't speak to conversations that I wasn't involved in.

Q. **In your experience as DHS commissioner, and based on what you observed during your time in that role, would you say that concerns about fraud or program integrity at that level would likely have been brought to the Governor's attention?**

A. I would say -- you're asking me to speculate.

Q. Yes.

A. **But I would say that it was likely.**



- At the hearing, Governor Walz claimed that he did not recall any notifications from Commissioner Lourey about fraud in DHS programs in 2019.¹³³

Oversight of Fraud and Misuse of Federal Funds in Minnesota Part II

Rep. Donalds	All right. Governor Walz, former Department of Human Services Commissioner, Tony Laurie [sic], testified that you were aware in early 2019 of fraud in two Department of Human Services-administered programs. Is this statement accurate?
Governor Walz.	Not that I recall. I am not sure what he is speaking about.
Rep. Donalds.	You don't remember this meeting or this notification?
Governor Walz.	No, not specifically, I don't.



¹³³ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 38 (Mar. 4, 2026).

- In fact, fraud was such a critical issue that Former DHS Commissioner Tony Lourey testified that Governor Walz knew the 2019 biennial budget would not pass if DHS did not address fraud concerns.¹³⁴
- Since Governor Walz took office in 2019, DHS has had the authority to stop payments to providers it had suspected of fraud or serious program integrity issues.¹³⁵ DHS was never ordered by law enforcement to continue payments to an entity being investigated to preserve an investigation.¹³⁶

Child Care Assistance Program Fraud

- Former DHS Commissioner Jodi Harpstead testified that CCAP fraud had been “pretty much” resolved by the time Governor Walz took office in 2019.¹³⁷ In reality, CCAP fraud was rampant when Governor Walz took office and his administration allowed it to grow exponentially by shutting down CCAP criminal investigations.¹³⁸ Despite two explosive Minnesota OLA special review audits in 2019 that verified rampant CCAP fraud,¹³⁹ the Walz Administration shutdown criminal CCAP investigations,¹⁴⁰ which stripped away the enforcement mechanisms and penalties that act as disincentives.
- On March 16, 2026, Representative Kristin Robbins was interviewed by investigative journalist Sharyl Attkinsson where she revealed that according to DHS whistleblowers “lack of action by the Walz Administration kept the [CCAP] system vulnerable to abuse.”¹⁴¹ The “Walz Administration shutdown the criminal investigations unit and the investigators were told no, [they] were not doing criminal investigations into childcare anymore [].”¹⁴² At the Committee’s hearing, Representative Robbins testified about how DHS under Governor Walz stopped all criminal investigations into CCAP fraud.¹⁴³
- On May 15, 2018, Scott Stillman, a former DHS fraud investigator and digital forensics expert, testified before the Minnesota Senate Health and Human Services Reform Policy and Finance Committee about fraud in CCAP.¹⁴⁴ According to Mr. Stillman, he was so

¹³⁴ Transcribed Interview of Tony Lourey, Former Comm’r, Minnesota Dep’t of Hum. Services, at 43 (Feb. 6, 2026) (see Appendix, at pg. 134 for testimony).

¹³⁵ *Id.* at 60 (see Appendix, at pg. 135 for testimony).

¹³⁶ Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 148-150 (Feb. 17, 2026).

¹³⁷ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 85-86 (Feb. 23, 2026) (see Appendix, at pg. 136 for testimony).

¹³⁸ Full Measure Staff, *March 15, 2026 - Cover Story: Minneapolis Fraud*, FULL MEASURE NEWS (Mar. 15, 2026), available at <https://fullmeasure.news/news/full-episodes/march-15-2026-cover-story-minneapolis-fraud#>.

¹³⁹ MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, *CHILDCARE ASSISTANCE PROGRAM: ASSESSMENT OF FRAUD ALLEGATIONS* (Mar. 14, 2019); and MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, *CHILDCARE ASSISTANCE PROGRAM: ASSESSMENT OF INTERNAL CONTROLS* (Apr. 10, 2019).

¹⁴⁰ Full Measure Staff, *supra* n. 138.

¹⁴¹ *Id.*

¹⁴² *Id.*

¹⁴³ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part I: A Hearing before the H. Comm. on Oversight & Gov’t Reform*, 119th Cong. 2, at 27 (Jan. 7, 2026) (see Appendix, at pg. 137 for testimony).

¹⁴⁴ Fox 9 News, *Fox 9 Report on Child Care Fraud Yields Senate Hearing*, YOUTUBE (May 16, 2018), available at <https://www.youtube.com/watch?v=fRtPX2BKDN8>.

alarmed by what he was seeing that in March of 2017 he sent a series of emails to his supervisors at DHS, warning them that hundreds of millions of dollars in stolen CCAP taxpayer funds were subject to fraud and being used by organized crime to fund known terrorist organizations overseas.¹⁴⁵ When discussing his CCAP emails with a reporter, Mr. Stillman stated, “I felt I had an obligation because I think there was a strong possibility this money is being used against innocent civilians and against our military.”¹⁴⁶ The night before the hearing, then-DHS Commissioner Emily Piper and Laura Cederberg, the former spokeswoman for Governor Dayton, exchanged text messages¹⁴⁷ where they acknowledged that the NEMT and other DHS-administered social service programs were likely also experiencing fraud.

*Excerpts from Text Between Former DHS Commissioner Emily Piper and Former Spokeswoman for Governor Dayton Laura Cederberg About Fraud in DHS Programs*¹⁴⁸

Summary	Data Source
A. 5/14/18 (10PM) text sent by then-Commissioner Emily Piper (DHS) to Laura Cederberg (GOV) and a third unidentified individual includes a quote from Piper that refers to Scott Stillman’s Senate testimony and reads, “he’s not just talking about daycare fraud when adding up \$. I’m sure the same claims can be made around NEMT, PCA, adult day, etc.” Cederberg replies “I agree those other programs are at issue too.”	Franson-Part A (Fulfills Dean’s original ask for “MN DHS communications with members of news organizations related to CCAP and potential fraud” but for an expanded time period May 16 – Dec 17, 2018) (p55-60)

- The Minnesota OLA released two special reports during the Walz Administration about CCAP fraud. The first special report, issued on March 14, 2019, found that “the level of CCAP fraud is more than the \$5 to \$6 million that prosecutors have been able to prove, but we cannot offer a reliable estimate of how much fraud exists in the program.”¹⁴⁹ The OLA issued a second special report on April 10, 2019, which stated that “[w]e found weaknesses in DHS’s program integrity controls and concluded that both DHS and local human services agencies must do more to effectively prevent, detect, and investigate fraud in CCAP.”¹⁵⁰ Further, an audit released on May 21, 2025, by the U.S. Department of Health and Human Services’ Office of the Inspector General¹⁵¹ “revealed that Minnesota did not comply with federal and state attendance documentation requirements for some payments” and “11 percent of all payments likely had some flaw [] [p]otentially

¹⁴⁵ *Id.* at 10:51 -11:51.

¹⁴⁶ *Id.* at 12:04 -12:16.

¹⁴⁷ Pioneer Press, *Business People: Former Dayton spokeswoman Laura Cederberg to head Weber Shandwick’s Minneapolis office*, PIONEER PRESS (Feb. 18, 2024).

¹⁴⁸ CCAP Data Practices Request Summary (Dec. 24, 2019), at 2 (on file with the Committee).

¹⁴⁹ MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, *CHILDCARE ASSISTANCE PROGRAM: ASSESSMENT OF FRAUD ALLEGATIONS* (Mar. 14, 2019).

¹⁵⁰ MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, *CHILD CARE ASSISTANCE PROGRAM: ASSESSMENT OF INTERNAL CONTROLS* (Apr. 10, 2019).

¹⁵¹ U.S. DEP’T OF HEALTH & HUM. SERVICES, OFF. OF INSPECTOR GEN., *REPORT SERIES SRS-A-25-007: AUDITS OF ACCURACY OF CCDF ATTENDANCE RECORDS AT MINNESOTA CHILD CARE CENTERS* (May 21, 2025).

impacting \$23.4 million in child care claims across more than 1,150 providers.”¹⁵² The U.S. Department of Health and Human Services has frozen access to the Child Care and Development Fund due to widespread childcare fraud concerns in Minnesota.¹⁵³

- The Governor’s Office was kept apprised of fraud issues in DHS programs throughout Governor Walz’s tenure. Jodi Harpstead, who served as DHS Commissioner from July 2019 until February 2025, testified that she would have regular meetings to report concerns of fraud in DHS programs directly to Chris Schmitter, Governor Walz’s Chief of Staff, from the start of her tenure until Anne O’Connor was hired as Deputy Chief of Staff for Cabinet Affairs.¹⁵⁴ After Ms. O’Connor was hired, Commissioner Harpstead said she continued to have those meetings with Ms. O’Connor, through the rest of her tenure.¹⁵⁵
- Commissioner Harpstead also testified that she reported concerns of fraud to the Attorney General’s Office throughout her tenure.¹⁵⁶
- While Governor Walz will not confirm whether fraud occurred under his watch or “predated” him, Walz’s response at the Committee’s hearing shows that his decision to drop out of the Gubernatorial race amounts to take the blame for the fraud that occurred in Minnesota under his watch.¹⁵⁷

Oversight of Fraud and Misuse of Federal Funds in Minnesota Part II

Governor Walz. **As Governor, I have taken accountability for this. I am not going to run again. I need to spend the time fixing this. This does undermine trusting government. Do I wish there were things that could have happened earlier? Yes, but in this job, wish didn't do it. I am looking into where I see it. I can tell you this, Congressman, that the safeguards we are putting in place are going to make a difference. I think other States can use them.**

I think one of the things is I asked if helping in the partnership piece of this, understanding that this happens in all States. I am certainly not proud this happened. I certainly understand it happened on my watch. Whether it predated me or not, I am here.

¹⁵² Paul Blume, *Federal audit reveals oversight flaws in Minnesota’s child care payments*, FOX 9 (Dec. 31, 2025).

¹⁵³ Press Release, U.S. Department of Health and Human Services, HHS Freezes Child Care and Family Assistance Grants in Five States for Fraud Concerns (Jan. 6, 2026).

¹⁵⁴ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 84 (Feb. 23, 2026) (see Appendix, at pg. 138 for testimony).

¹⁵⁵ *Id.* at 10. (see Appendix, pg. 138 for testimony).

¹⁵⁶ *Id.* at 19 (see Appendix, at pg. 139 for testimony).

¹⁵⁷ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov’t Reform*, 119th Cong. 2, at 64 (Mar. 4, 2026).



DOJ Outreach and Scale of Fraud Awareness

The Walz Administration knew that fraud in DHS programs was out of control and asked DOJ for help in August 2025 to cover their tracks. DHS confirmed they had to terminate Medicaid programs because of pervasive fraud.

- Governor Walz’s Former Chief of Staff Chris Schmitter testified that he, Governor Walz, the Governor’s General Counsel Mary Fee, and the Deputy Chief of Staff of Cabinet Affairs Anne O’Connor met with Former acting U.S. Attorney Joe Thompson about fraud in the HSS program.¹⁵⁸ Schmitter tried to downplay why the meeting happened, but the totality of evidence suggests that this was Governor Walz’s office reaching out for help because they knew how much fraud was in the HSS program, that the Walz Administration let the fraud fester to where it couldn’t be hidden, and that the Trump Administration now knew it too. If the State of Minnesota had the fraud situation under control as they’ve claimed, then there would not have been a need to reach out to the U.S. Attorney’s Office for “advice.”¹⁵⁹
- Mr. Schmitter believes that Joe Thompson is an “antifraud expert” and claims that the Governor took what the U.S. Attorney’s Office said seriously.¹⁶⁰ Yet just months later, once Minnesota’s fraud crisis hit national news, Governor Walz lashed out at Joe Thompson after the U.S. Attorney’s Office announced their estimate that \$9 billion of federal Medicaid funds had been diverted to fraud from Minnesota’s 14 “high-risk” Medicaid programs, accused Thompson of defamation, and suggested that Thompson should be fired.¹⁶¹
- Governor Walz also disputed Joe Thompson’s \$9 billion estimate several times during his testimony before the Committee, instead claiming that “local press and all the folks in Minnesota are saying that is not the case.”¹⁶² Governor Walz’s explanation that local media disagrees with the U.S. Attorney’s Office is concerning because Steve Grove, the CEO and Publisher of *The Minnesota Star Tribune*, the largest newspaper in Minnesota, is a former Walz cabinet appointee.¹⁶³ Grove served as Governor Walz’s Commissioner of the Minnesota Department of Employment and Economic Development from 2019 until 2023.¹⁶⁴ Commenters have noted this dynamic and have criticized *The Minnesota Star Tribune* for its sympathetic coverage of fraud and the Walz Administration.¹⁶⁵

¹⁵⁸ Transcribed Interview of Chris Schmitter, Former Chief of Staff, Office of Governor Tim Walz and Lt. Governor Peggy Flanagan, at 62-65 (Feb. 27, 2026) (see Appendix, at pg. 140-41 for testimony).

¹⁵⁹ *Id.* at 62.

¹⁶⁰ *Id.* at 63.

¹⁶¹ Andrew Mark Miller, *Walz slammed for flip-flop after praising fraud prosecutor he said should be fired last week: ‘Don’t pretend,’* FOX NEWS (Jan. 13, 2026).

¹⁶² See, e.g., *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov’t Reform*, 119th Cong. 2, at 76 (Mar. 4, 2026).

¹⁶³ Steve Grove, THE MINNESOTA STAR TRIBUNE (last visited May 29, 2026).

¹⁶⁴ Press Release, Office of Governor Tim Walz & Lt. Governor Peggy Flanagan, Governor Walz Congratulates Departing Commissioner Grove, Opens Selection Process for Cabinet Vacancy (Feb. 14, 2023).

¹⁶⁵ Anthony Gockowski, ‘One of the worst in the country’: *Star Tribune* ripped for fraud coverage, ALPHA NEWS (Dec. 22, 2025).

Ignored Massive Funding Spikes

Between 2019 and 2025, there were massive, well-documented increases in funding reimbursements for DHS “high-risk” Medicaid programs that were ignored. DHS leadership claims that they were not aware of these large increases, and failed to investigate or act on these increases until billions of federal taxpayer dollars had gone out the door.

- Former DHS CFO Dave Greeman testified that DHS knew about large increases in spending for their “high-risk” Medicaid programs. Greeman explained that as CFO, he would look at “how much are we spending, are we expecting to spend this much, were we spending less than or more than what we were spending...or answering questions that people might have about who's receiving payments.”¹⁶⁶ Greeman would review these increases if a fraud concern would arise, he would then report it to then-Temporary Commissioner Shireen Gandhi.¹⁶⁷
- Then-Temporary Commissioner Gandhi testified that she did not recall anyone reporting large increases in Medicaid program spending prior to her becoming Temporary Commissioner in February 2025.¹⁶⁸ This is difficult to reconcile with her background at the agency, since Gandhi served as the Chief Compliance Officer, an Assistant Commissioner, and then the Deputy Commissioner prior to taking over as Temporary Commissioner. One of the key duties of the DHS Chief Compliance Officer is, “overseeing, assessing, and managing risk.”¹⁶⁹

¹⁶⁶ Transcribed Interview of Dave Greeman, Former Chief Fin. Officer, Minnesota Dep’t of Hum. Services, at 29 (Feb. 9, 2026).

¹⁶⁷ *Id.*

¹⁶⁸ Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 65-66 (Feb. 17, 2026).

¹⁶⁹ Minnesota Dep’t of Hum. Services, *Chief Compliance Officer – Human Services Manager 5*, LINKEDIN (last visited May 29, 2026), available at <https://www.linkedin.com/jobs/view/chief-compliance-officer-human-services-manager-5-at-minnesota-department-of-human-services-4384977869>.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Were you aware of any sort of concerns brought by Mr. Greeman or anybody else regarding these programs prior to you taking over as temporary commissioner?

...

A. Yeah. I mean, **if you're wanting to know if somebody raised something specific that I recall, I don't.** Fraud is always a concern, and it's something that you always have to guard against.

And so -- and it's something that you always have to continuously improve your effort, so, you know. But was there something specific that I recall, you know, I don't. I don't have anything specific.

Q. Okay. Thank you.

Q. Specifically as it relates to an increased -- more than what would be expected, an increased amount in spending in these programs, do you recall any concerns being raised to you about that?

A. **I do not recall increased spending concerns being raised to me.**

- Former DHS Commissioner Jodi Harpstead testified that she knew DHS was aware of concerning growth in the “high-risk” Medicaid programs during her tenure, specifically HSS, EIDBI, and ICS.¹⁷⁰ All three of those programs have been the most prominently featured in the indictments levied by the U.S. Department of Justice so far.¹⁷¹

¹⁷⁰ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 78-79 (Feb. 23, 2026) (*see* Appendix, at pg. 142 for testimony).

¹⁷¹ Press Release, U.S. Department of Justice, U.S. Attorney’s Office, District of Minnesota, Six Additional Defendants Charged, One Defendant Pleads Guilty in Ongoing Fraud Scheme (Dec. 18, 2025).

- At the hearing, Governor Walz testified that he knew that spending increased in the HSS, EIDBI, and ICS “high-risk” Medicaid programs, but did not have any specific recollection of how much the programs increased.¹⁷²

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II

Rep. Donalds. The Housing Stabilization Services went from \$27 million in 2021 to \$105 million in 2024. Are you aware of this increase, Governor Walz?

Governor Walz. **Not specifically, but I know it increased.**

Rep. Donalds. Autism centers went from \$24 million in 2019 to \$342 million in 2024. Are you aware of that?

Governor Walz. **Not specifically again, but yes, we know the budgets increased.**

Rep. Donalds. Integrated Community Supports went from \$4.6 million in 2021 to \$170 million in 2024. Are you aware of that?

Governor Walz. **Again, not specifically on the numbers, but it is the budget.**

- At the hearing, Governor Walz deflected again when asked about how the increase in spending for the EIDBI program between 2018 and 2024 was implausibly large.¹⁷³ To believe the spending figures in the EIDBI program are legitimate, you would have to believe there has been a nearly 500 times increase in families seeking EIDBI treatment for their autistic children.

¹⁷² *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 38-39 (Mar. 4, 2026).

¹⁷³ *Id.* at 67-68.

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II

Rep. Gill. In 2019, okay. So, using 2018 as a baseline, do you know what that program paid in Medicaid claims?

Governor Walz. I do not, Congressman.

Rep. Gill. It is about \$671,000. Do you know what that program paid in Medicaid claims in 2024?

Governor Walz. I don't have the number in front of me.

Rep. Gill. Three hundred forty-two million dollars. That is about a 500x increase over 6 years. Was there 500 times the number of autism patients in that time period?

Governor Walz. **I couldn't speak specifically to it, but I will say, Congressman, that –**

Rep. Gill. **That does not sound reasonable, right?**

Governor Walz. **Right.**

Rep. Gill. **You do not think there was a 500x increase in the number of autism patients –**

Governor Walz. **No, I think –**

Rep. Gill. **-- in 6 years, right?**

Governor Walz. **Correct, and that is why we ordered onsite visits starting back in 2024.**

Rep. Gill. **So, we agree that that does not sound reasonable. Would you also agree that a single taxpayer dollar wasted on fraud is a dollar too much to tolerate?**

Governor Walz. **Yes.**

Rep. Gill. **Yep, and would you agree that as Governor, ultimately you are responsible if tax dollars are defrauded?**

Governor Walz. **Yes, I would agree.**

Credibility Issues and Downplaying Knowledge

The Walz Administration knew that fraud in DHS programs was occurring since 2019 but tried to seriously downplay the extent of their knowledge during transcribed interviews and at the Committee’s hearing. Chris Schmitter and Shireen Gandhi were key figures in the Walz Administration, and both claimed little knowledge about the fraud.

- An X post from Fox 9 News in Minneapolis dated November 2019 clearly identifies then-DHS Compliance Officer Shireen Gandhi as one of three DHS senior leadership members responsible for acting on fraud, ethics or compliance concerns reported by state employees.¹⁷⁴ DHS whistleblowers reposted this X post, which shows a poster that was displayed at DHS headquarters in 2019 with Shireen Gandhi’s name listed as a main point of contact.¹⁷⁵ This is highly concerning because Shireen Gandhi testified that she did not become aware of fraud in DHS programs, outside of grantees, until much later—almost six years later, in February 2025, when she was appointed Temporary DHS Commissioner.¹⁷⁶

¹⁷⁴ Theo Keith (@TheoKeith), X, (Nov. 6, 2019, 2:42 PM), available at <https://x.com/TheoKeith/status/1192165380816621569>; and see Minnesota Staff Fraud Reporting Commentary (@Minnesota_DHS), X, (Mar. 4, 2026, 3:30 PM), available at https://x.com/minnesota_dhs/status/2029293507605647442?s=46.

¹⁷⁵ Minnesota Staff Fraud Reporting Commentary (@Minnesota_DHS), X, (Mar. 4, 2026, 3:30 PM), available at https://x.com/minnesota_dhs/status/2029293507605647442?s=46.

¹⁷⁶ Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 20-23 (Feb. 17, 2026).



TRUSTWORTHY

SPEAK UP AND DO THE RIGHT THING

Questions or Concerns about Compliance, Ethics or Fraud?

Shireen Gandhi, Chief Compliance Officer

651 431-2917

Shireen.Gandhi@state.mn.us

Nikki Thompson, Ethics Officer

651 431-4248

ethics_questions.dhs@state.mn.us

Gary L. Johnson, Internal Audits Director

651 431-3623

DHS.IAO@state.mn.us

DHSHotline.dhs.mn.gov

To report suspected misconduct, illegal activities and policy violations, anonymously or by identifying yourself, please use the Hotline Web Form.

- Based on Ms. Gandhi's previous roles within DHS, it is very difficult to believe she was not aware of fraud reports made by employees or other entities outside of grantees until February 2025.¹⁷⁷ This would mean that Shireen Gandhi, as the Deputy Commissioner of DHS from November 2022-February 2025, who attended agency leadership meetings, was in contact with outside stakeholders, and communicated with legislators, would have had no knowledge about fraud outside of grantees prior to her being installed as the Temporary Commissioner having worked at the agency for 8 years. Her claim that she was unaware of fraud reports is therefore not credible.
- As DHS Chief Compliance Officer (CCO) from 2017 until 2021, Ms. Gandhi was responsible for "develop[ing] the oversight and reporting structure for compliance."¹⁷⁸ DHS's division reporting structure for the CCO role encompassed the internal audits (responsible for reviewing internal tips about fraud and employee grievances), appeals, policy and management, including the ethics officers, and contracts and legal compliance.¹⁷⁹
- As Assistant Commissioner for Agency Effectiveness from November 2021 until July 2022, Ms. Gandhi served as the top "operations" administrator within DHS.¹⁸⁰ Former DHS Chief Financial Officer Dave Greeman testified that he saw unbelievably large increases in spending in DHS programs and reported them to then-Assistant Commissioner Gandhi.¹⁸¹ Ms. Gandhi testified that she did not remember anyone raising increased spending concerns to her prior to being Temporary Commissioner.¹⁸²
- As DHS Deputy Commissioner from July 2022 until February 2025, Ms. Gandhi reported directly to Former Commissioner Harpstead.¹⁸³ Ms. Gandhi testified that she did not have any specific communication with Commissioner Harpstead about fraud in DHS programs¹⁸⁴ and was not aware of anyone reporting fraud before she became Temporary Commissioner in 2025.¹⁸⁵
- Former Commissioner Harpstead directly contradicted Ms. Gandhi's testimony. According to former Commissioner Harpstead, Ms. Gandhi would have had specific knowledge about reports of fraud at DHS since at least 2021 serving as Assistant Commissioner.¹⁸⁶

¹⁷⁷ *Id.* at 22.

¹⁷⁸ *Id.* at 11.

¹⁷⁹ *Id.* at 11-12.

¹⁸⁰ *Id.* at 14.

¹⁸¹ Transcribed Interview of Dave Greeman, Former Chief Fin. Officer, Minnesota Dep't of Hum. Services, at 29, 80-84 (Feb. 9, 2026).

¹⁸² Transcribed Interview of Shireen Gandhi, then-Temporary Comm'r, Minnesota Dep't of Hum. Services, at 66 (Feb. 17, 2026).

¹⁸³ *Id.* at 15.

¹⁸⁴ *Id.* at 51.

¹⁸⁵ *Id.* at 22.

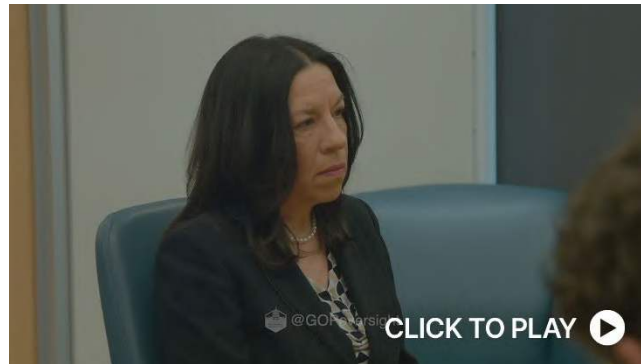
¹⁸⁶ Transcribed Interview of Jodi Harpstead, Former Comm'r, Minnesota Dep't of Hum. Services, at 33-34 (Feb. 23, 2026) (*see* Appendix, at pg. 143 for testimony).

- Then-Temporary Commissioner Gandhi testified that she did not remember reporting any instances of fraud to Commissioner Harpstead during the three years Gandhi served as Deputy Commissioner of DHS between November 2022 and February 2025.¹⁸⁷

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Do you remember reporting any sort of instances of fraud concern to Commissioner Harpstead when you served as deputy commissioner?

A. **No, I do not.**



- Gandhi also testified that she did not hear any reports of fraud or program integrity concerns during her role as DHS Assistant Commissioner or Deputy Commissioner outside of grantees.¹⁸⁸ This means that Gandhi claims she had no knowledge of any fraud in the HSS, EIDBI, ICS, or CCAP programs at any time while she served as Assistant Commissioner from 2021 to 2022 and as Deputy Commissioner from 2022 until February 2025. Gary Johnson, Director of Internal Audit, who operated DHS's internal fraud hotline, reported to Shireen Gandhi while she was Deputy Commissioner.¹⁸⁹ Incredulously, Gandhi could not remember a single instance of the DHS employee who managed the fraud hotline reporting fraud concerns to her while she served as Deputy Commissioner.¹⁹⁰

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. So it sounds like you did not hear reports of fraud or program integrity concerns during your roles as assistant commissioner or deputy commissioner. Is that right?

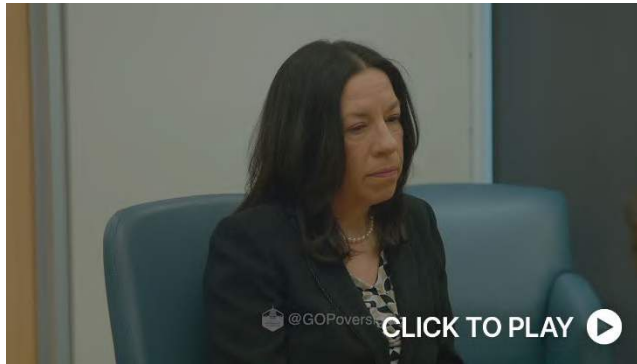
A. Correct, outside of grantees.

¹⁸⁷ Transcribed Interview of Shireen Gandhi, then-Temporary Comm'r, Minnesota Dep't of Hum. Services, at 20 (Feb. 17, 2026).

¹⁸⁸ *Id.* at 22.

¹⁸⁹ *Id.* at 46-47.

¹⁹⁰ *Id.* at 59.



- DHS whistleblowers provided the Committee with emails that they sent Shireen Gandhi, serving as Deputy Commissioner at the time, about DHS's contracting system and lack of oversight back in January 2023.¹⁹¹

¹⁹¹ Email from DHS Employee Whistleblowers to Shireen Gandhi, *et al.* (Jan. 16, 2023) (on file with the Committee).

Sent: Monday, January 16, 2023 4:51 PM

To: [Shireen Gandhi](#) <[REDACTED]>; [Jodi L. \(DHS\)](#) <[Jodi.Harpstead@state.mn.us](#)>; [Grumdahl, Eric I \(DHS\)](#) <[REDACTED]>; [Preston, Kristine R \(DHS\)](#) <[REDACTED]>; [Neerja X \(DHS\)](#) <[REDACTED]>; [Kassim-Grigsby, Kamaria H \(DHS\)](#) <[REDACTED]>; [Chris Schmitter](#) <[REDACTED]>; [Nwala, Emmanuel N \(DHS\)](#) <[REDACTED]>
Subject: Re: Disparate Application of OGM Policies?

DHS Management:

Our group, who cares about DHS' reputation and mission have met to analyze the complete situation and response from DHS and Eric Grumdahl this weekend. Eric Grumdahl's entire statement in the Star Tribune article released yesterday is blatant lie, full of deflections and a weak attempt to blame others.

Eric says: "the contract delays stem from leadership transitions, staff turnover and a shift in contract management process." Please be aware that Amanda Calmbacher has been "managing" crisis services for more than 9 months. Prior to her, it was Dominique Jones who still works at DHS and was hired as a crisis lead before she was promoted to clinical treatment manager. We are sure that a phone call with Dominique would have given all the information Eric and Kristine needed to fill in any gaps. Neerja Singh, who was the acting Behavioral Health Director is still with BHDH. Jennifer Yang, who was Deputy AC over BHDH operations and acting AC for two months is still very much with DHS and in fact, is managing the implementation of this new system of contract management (CIS) for the whole DHS. However, Kristine Preston has clearly given us directions not to talk/consult with Neerja or Jennifer. This disruption in cooperation and communication is one of the reasons as for why Mobile Crisis programs are in such disarray.

Eric further states: "The agency does not expect delays in payments to providers because the contract should be ready by the time first-quarter invoices are received." The email to Mobile Crisis providers Amanda sent, clearly informed the providers that they "may continue" work but will not be paid until the contracts are executed. Evidently, this is a convoluted way of getting around Amanda and Kristine not taking a 16 A/C violation. In addition, the letter did not discuss who will be liable for any mishap that might happen during the time providers "may continue" the work as there was no DHS contract in place. It is not clear how this letter passed through DHS legal and compliance (although Kristine Preston comes and claims her vast experience in compliance).

Eric Grumdahl further states: "the contract delays are related to the rollout of a new contract management system-a one time transitional impact-that will streamline contract renewals across the agency." Wow Eric! Just unbelievable. You threw the whole CIS system under the bus without checking the facts. Is it because you and your "leaders" have openly criticized the same system the Commissioner has been raving about in front of the legislators and external stakeholders? More importantly, this delay had nothing to do with CIS. For your information, the CIS does not affect the timeline of execution of contracts and will certainly not affect the unique process of managing Mobile Crisis contracts, which Eric, you clearly know nothing about. It has everything to do with Amanda Calmbacher not submitting budget in time for Mobile Crisis, which is essentially a distinct process unique from other contracts and is affected by an incompetent, fully staffed crisis team at DHS and their manager not doing what they are paid and supposed to do. We are curious if this is an underhanded attempt to outsource the contract management system to an outside vendor?

Shireen: We are still waiting for your statement on the elimination of 16A/C violations for BHDH (as claimed by Eric and Kristine). Are you going to eliminate the 16a/c violations for Julie Pearson and her Respite Care grants too? Since Julie Pearson (manager over CCBHCs and Respite Care) has requested their removal using the pre-text that Amanda Calmbacher was able to remove the 16 a/c violations from AMHI, why not eliminate the 16a/c violations for Julie Pearson and the rest of the agency since you are throwing the OGM rulebook out of the window? Does DHS have no care about compliance or ethical management of public dollars? Are

you willfully agreeing to violate state statute, providing directions that will put the agency in violation and most disturbingly, pick and choose how to apply OGM policies for different managers?

It is very ironic that Amanda Calmbacher is running the BHD division meeting tomorrow on Kristine's behalf and is covering topics of :
Organizational Structure and Contract Process & 16A/Cs!

Human Resources:

Please clarify if you have allowed extensions of WOOCs for Kristine Preston (per your initial approval is supposed to end in January 2023), Emmanuel Nwala (supposed to end in February 2023) and Amanda Calmbacher (supposed to end in February 2023). Will Eric Grumdahl hold decision making authority on permanent hires on these crucial positions?

Governor's Office:

You need to wake up and talk to people besides Eric Grumdahl, Kristine Preston and Jodi Harpstead if you want actual facts from the people who manage these programs. We have appealed many times over and over and will continue to write to create a written record with facts in the hope that someday someone from the public would want to know what DHS is doing with public funds and the lives of the most vulnerable people of Minnesota.

Gov. Walz’s former Chief of Staff Chris Schmitter appears to have downplayed what he knew about fraud and when he was first made aware of it. Mr. Schmitter said that he did not know, did not remember, or otherwise did not recall in response to a question 260 times during his transcribed interview. Given his deep institutional knowledge of the Governor’s office and running state government from the beginning of Governor Walz’s tenure, the Committee believes Chris Schmitter downplayed his memory of events to protect Walz or other state officials.

- Despite serving as Governor Walz’s Chief of Staff from the beginning of his first term in January 2019 until October 2025, Chris Schmitter claims that he does not have knowledge or recollection of much that went on related to fraud in Minnesota during Governor Walz’s tenure. During his transcribed interview, Chris Schmitter said he did not know, could not remember, or otherwise recall basic information about fraud, program integrity, or misuse of federal funds approximately 260 times.¹⁹² Committee staff asked Schmitter about well-documented, significant events that occurred during the Governor’s tenure that even led to Governor Walz’s decision to not seek re-election. Schmitter may have downplayed his memory about these events to protect Governor Walz and other state officials.
- Former Commissioner Tony Lourey testified that the Walz Administration knew about fraud in two DHS-administered programs—Child Care Assistance Program and Non-Emergency Medical Transportation—in early 2019.¹⁹³ Lourey testified that he notified Schmitter about this fraud back in 2019.¹⁹⁴ Mr. Schmitter testified that he does not remember any issues with fraud in the NEMT program.¹⁹⁵
- Mr. Schmitter also did not recall any fraud issues with the CCAP program starting back in 2019 either.¹⁹⁶
- Assistant Commissioner Daron Korte testified that he briefed two members of Governor Walz’s staff about an April 28, 2020, FOF draft lawsuit and litigation hold against MDE.¹⁹⁷ However, Mr. Schmitter claimed he didn’t remember being briefed about the April 28 draft lawsuit and litigation hold, and was not aware of whether anyone in the Governor’s Office was briefed about it.¹⁹⁸

¹⁹² See generally Transcribed Interview of Chris Schmitter, Former Chief of Staff, Office of Governor Tim Walz and Lt. Governor Peggy Flanagan (Feb. 27, 2026).

¹⁹³ Transcribed Interview of Tony Lourey, Former Comm’r, Minnesota Dep’t of Hum. Services, at 31-33 (Feb. 6, 2026).

¹⁹⁴ *Id.* at 40-41.

¹⁹⁵ Transcribed Interview of Chris Schmitter, Former Chief of Staff, Office of Governor Tim Walz and Lt. Governor Peggy Flanagan, at 28-29 (Feb. 27, 2026) (see Appendix, at pg. 144 for testimony).

¹⁹⁶ *Id.* at 29-30 (see Appendix, at pg. 145 for testimony).

¹⁹⁷ Transcribed Interview of Daron Korte, Assistant Comm’r, Minnesota Dep’t of Educ., at 107 (Feb. 3, 2026).

¹⁹⁸ Transcribed Interview of Chris Schmitter, Former Chief of Staff, Office of Governor Tim Walz and Lt. Governor Peggy Flanagan, at 98-99 (Feb. 27, 2026).

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

Q. Were you briefed when Feeding Our Future served MDE with a draft lawsuit and litigation hold at the end of April 2020?

A. **I don't remember being briefed on that, no.**

Q. Was anybody in your office briefed on that?

A. **I don't know.**

Q. Were you aware of it?

A. I mean, I'm going back to the same thing I said before, which is, I think, we were aware of the litigation generally. At this stage, all these years later, I don't remember what we were aware of and when.

Q. When a litigation hold is served -- or when a draft complaint litigation hold is served, in general, is the Governor's office notified?

...

Q. So in April 2020, Feeding Our Future served MDE with a draft complaint and litigation hold. Were you or anyone in the Governor's office made aware of that draft complaint or litigation hold?

A. **I don't remember.**

Q. Would that information have been conveyed to the general counsel in the Governor's office?

A. **I don't know. That specific information, I don't know.**

- Mr. Schmitter also testified that he did not recall discussing fraud concerns with the Attorney General's Office because his direct report, the general counsel, was the primary point of contact for the Attorney General's Office.¹⁹⁹ Remarkably, Mr. Schmitter had a clear recollection about being briefed on a separate fraud issue²⁰⁰ but had very little recollection about what he knew and when he knew it²⁰¹ regarding the "largest-ever case of pandemic aid fraud."²⁰²
- Despite Former DHS Commissioner Harpstead testifying that it was clearly communicated by the Governor's Office it was important to handle requests from

¹⁹⁹ *Id.* at 41-42 (see Appendix, at pg. 146 for testimony).

²⁰⁰ *Id.* at 27-28.

²⁰¹ *Id.* at 98-102.

²⁰² Kyle Stokes, *Feeding Our Future head Convicted in COVID aid fraud case*, AXIOS (Mar. 19, 2025).

stakeholders and the Governor's office would check in with Commissioners to make sure they had done what the stakeholder asked,²⁰³ Schmitter does not recall meeting with stakeholders complaining about oversight from state agencies.²⁰⁴

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

Q. Do you ever remember having a meeting with a provider where they expressed concerns about oversight that they were receiving from a State agency?

A. **I don't recall that. I don't recall that. You know, I don't recall what you're describing. It's possible, but I can't recall that.**

- Mr. Schmitter also did not recall any specific instances where Former DHS Commissioner Jodi Harpstead reported any fraud concerns to him in the Governor's office.²⁰⁵ Former Commissioner Harpstead testified about having regular meetings with Chris Schmitter where they discussed fraud concerns in DHS programs.²⁰⁶ Former Commissioner Harpstead also testified that she met with Schmitter regularly about fraud concerns from the start of her tenure in 2019 until Anne O'Connor was hired as Deputy Chief of Staff for Cabinet Affairs who continued those meetings and reported to Schmitter.²⁰⁷

²⁰³ Transcribed Interview of Jodi Harpstead, Former Comm'r, Minnesota Dep't of Hum. Services, at 69-71 (Feb. 23, 2026).

²⁰⁴ Transcribed Interview of Chris Schmitter, Former Chief of Staff, Office of Governor Tim Walz and Lt. Governor Peggy Flanagan, at 51-52 (Feb. 27, 2026).

²⁰⁵ *Id.* at 76-77.

²⁰⁶ Transcribed Interview of Jodi Harpstead, Former Comm'r, Minnesota Dep't of Hum. Services, at 84 (Feb. 23, 2026).

²⁰⁷ *Id.* at 84-85.

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

Q. Did Commissioner Harpstead report concerns of fraud to you during her tenure? Or to your office, more generally, if it wasn't directly to you.

A. You know, so, again, we started with Commissioner Harpstead; you know, she started with the charge of focusing on program integrity and compliance issues. I think she called that Operation Swiss Watch right at the beginning. And then over the years would have been -- you know, would have been engaging with the office through Anne O'Connor and then her legal department through the general counsel. **I can't recall, you know, specific reports or allegations of fraud coming up through Jodi.**

Q. You don't recall, but you would say yes, that that likely would have happened or that did happen?

A. I don't recall.

Finding #2. Systemic Oversight Failures Enabled Widespread Fraud.

MDE Failures and Feeding Our Future

USDA pandemic-era waivers allowed unscrupulous non-profits, such as Feeding our Future, to sponsor for-profit restaurants as meal sites. To prevent fraud in USDA’s federal child nutrition programs, Minnesota signed an individual state waiver that required MDE to ensure program integrity measures were in place to detect and prevent fraud. MDE failed to abide by its fraud prevention duties and relied on self-attestation to verify provider and sponsor reimbursement and failed to investigate clear signs of fraud, including implausible meal reimbursement requests. The Walz Administration and AG Ellison left open clear vulnerabilities to fraudulent activities and frequently failed to scrutinize suspicious activities.

- During the COVID-19 pandemic, USDA issued a series of waivers that temporarily modified eligibility and oversight requirements for CACFP and SFSP.²⁰⁸ One waiver, the state agency on-site monitoring waiver, gave MDE the flexibility “to conduct some monitoring activities offsite.”²⁰⁹ However, this waiver did not prohibit MDE from conducting on-site visits, “but rather encouraged [MDE] to conduct as much monitoring as it could offsite to ensure the integrity of the program.”²¹⁰ Another waiver, known as an area waiver, allowed SFSP sponsors in good standing to operate anywhere in the state if MDE approved the site location.²¹¹ Meal service waivers “allowed sites to ‘bundle’ meals and snacks and distribute several food items to children or their parents or guardians at a single point in time,” which drastically increased the amount of meals FOF could claim to serve.²¹² Significantly, for bundled meals, USDA instructed state agencies to make sure “that sponsors and sites had processes so that children did not receive duplicate meals and only parents or guardians of eligible children received meals.”²¹³ Further, MDE made a request for a Minnesota-specific monitoring waiver, promising “to conduct targeted monitoring of sponsors, like Feeding Our Future, who claimed an unusually high or implausible number of meals and snacks or those at high risk of meal claim inaccuracies or discrepancies.”²¹⁴ This waiver contained the following language: “[] as part of this

²⁰⁸ Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 43.

²⁰⁹ *Id.* at 44.

²¹⁰ *Id.*

²¹¹ *Id.*

²¹² *Id.*

²¹³ *Id.* at 45; and *see* Memorandum from Angela M. Kline, Director, Policy and Program Development Division, Food and Nutrition Serv., U.S. Dep’t of Agric., to Regional Directors, Special Nutrition Programs, All Regions and State Directors, Child Nutrition Programs, All States, Nationwide Waiver to Allow Parents and Guardians to Pick Up Meals for Children (Mar. 25, 2020), *available at* [covid19-parent-pickup-nationwide-waiver-final.pdf](#).

²¹⁴ Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 43.

waiver, MDE must take program integrity measures to identify any misuse of Federal funds and identify fraudulent activities.”²¹⁵

- MDE executives blamed their failures for FOF fraud on the USDA. However, MDE failed to follow requirements clearly laid out in the waivers they voluntarily signed up for. Further, when questioned by the Committee, Assistant Commissioner Korte was not familiar with Minnesota’s individual waiver or its targeted oversight responsibilities.²¹⁶
- MDE Assistant Commissioner Daron Korte testified that MDE’s adoption of COVID-era waivers allowed for bundled meals, which drastically increased the amount of meals FOF could claim to serve, but there was “nobody there observing.”²¹⁷
- Mr. Korte testified that MDE was not sure whether for-profit restaurants were allowed to participate under the USDA waivers, but MDE allowed it anyway.²¹⁸ Many of the fraudsters convicted in the FOF scheme were operating for-profit restaurants that claimed reimbursement from the federal child nutrition programs.²¹⁹

Assistant MDE Commissioner Daron Korte (February 3, 2026)

Q. Did those eligibility waivers also allow for-profit restaurants to begin participation as well?

A. That was one of the questions that we had, and ultimately, you know, we weren't able to get a strong confirmation one way or another from USDA that it was not specifically allowed. So eventually that was something that was allowed for Feeding our Future to do.

- Former MDE Commissioner Mary Cathryn Ricker testified that in hindsight, she believed that the USDA waivers were “exploited to do a lot of damage” and was concerned that MDE allowed for-profit restaurants to serve meals under the federal child nutrition program waivers.²²⁰
- MDE Assistant Commissioner Daron Korte explained how MDE relied on “self-attestation” to verify reimbursement submissions for sponsors and providers. “Self-

²¹⁵ Letter from Jessica Saracino, Acting Director, Program Monitoring and Operational Support Division, USDA Child Nutrition Programs, to Monica L. Herrera, Director of Nutrition, Minnesota Dep’t of Education (Feb. 2, 2021); and Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 42.

²¹⁶ Transcribed Interview of Daron Korte, Assistant Comm’r, Minnesota Dep’t of Educ., at 96-97 (Feb. 3, 2026) (*see* Appendix, pg. 147 for testimony).

²¹⁷ *Id.* at 95 (*see* Appendix, pg. 148 for testimony).

²¹⁸ *Id.*

²¹⁹ Press Release, U.S. Department of Justice, U.S. Attorney’s Office, District of Minnesota, Federal Jury Finds Feeding Our Future Mastermind and Co-Defendant Guilty in \$250 Million Pandemic Fraud Scheme (Mar. 19, 2025).

²²⁰ Transcribed Interview of Mary Cathryn Ricker, Former Comm’r, Minnesota Dep’t of Educ., at 83-84 (Feb. 5, 2026).

attestation” is a commonly understood term in the social service profession to mean a written or verbal declaration of a person’s eligibility for benefits signed under penalty of perjury.²²¹ Therefore, FOF, as a sponsor, would be self-monitoring its sites and submitting reimbursement requests to MDE, who was then responsible for reviewing those requests and taking action against FOF if they believed the organization was submitting false claims. This “self-attestation” model is problematic, especially if state agencies are not willing to act on suspicions about fraud, which MDE failed to do.²²²

- Despite his agreement that MDE allowing providers and sites to self-attest to the number of meals they served, self-attestation is not an effective way to prevent fraud, Assistant Commissioner Korte explained that MDE would still approve reimbursements for implausibly large requests including from sites highly concentrated within an area or all sharing an address, clear red flags for fraud.²²³ Korte testified that the number of meals that FOF-sponsored sites claimed to serve kept getting more implausible from early 2020 through 2021 and provided several examples about what MDE was seeing in reimbursement requests.²²⁴ Given that officials at MDE believed that these reimbursement claims were not plausible, payments should have been stopped to FOF-affiliated entities immediately until verification could be completed.

Assistant MDE Commissioner Daron Korte (February 3, 2026)

- A. I can't provide specifics. I mean, we have that documentation certainly. But I do remember there being concerns about, you know, a site saying, "Okay. We're going to serve a maximum of 5,000 meals a week," and then we would get their meal reimbursement claims, and it would be exactly 5,000 every single week, week after week. And it's like, "Well, is there not -- some more kids come this week and some less kids come that week." So questions like that, it just didn't look right. **It didn't feel right.**

Assistant MDE Commissioner Daron Korte (February 3, 2026)

- A. I don't recall the exact numbers but, I mean, I know it was in the hundreds of millions and, **I mean, it was just drastically exponentially higher than what they were submitting prior to the pandemic.**

- Assistant Commissioner Korte’s testimony confirmed that a single FOF-sponsored site, Safari Restaurant, tried to claim a reimbursement equal to the entire St. Paul Public

²²¹ See, e.g., U.S. DEP’T OF LABOR, ATTACHMENT II: SOURCE DOCUMENTATION FOR CORE/NON-CORE PROGRAMS DOL-ONLY DATA ELEMENT VALIDATION, at 1 (last visited May 29, 2026), *available at* https://www.dol.gov/sites/dolgov/files/ETA/advisories/TEGL/2020/TEGL_23-19_Attachment_2.pdf.

²²² Transcribed Interview of Daron Korte, Assistant Comm’r, Minnesota Dep’t of Educ., at 61-62, 63-64 (Feb. 3, 2026) (see Appendix, at pg. 149 for testimony).

²²³ *Id.* at 93, 103.

²²⁴ *Id.* at 93-98.

School district and that MDE thought that was implausible. Korte could not remember reporting this to Mary Cathryn Ricker, the MDE Commissioner at the time, or the Governor's office, but he believed it was certainly possible that he did. Korte confirmed that the AG's office became aware of this outrageous reimbursement claim while defending MDE during the lawsuit filed by FOF.²²⁵

- Safari Restaurant was at the center of the FOF scheme. On the same day that FOF Executive Director Aimee Bock was convicted, Safari Restaurant owner Salim Said was also convicted of one count of conspiracy to commit wire fraud, four counts of wire fraud, one count of conspiracy to commit federal programs bribery, eight counts of bribery, one count conspiracy to commit money laundering and five counts of money laundering.²²⁶ Said claimed that Safari Restaurant served meals to 5,000 children per day, seven days a week, totaling over 3.9 million meals to children from the Safari Restaurant food site between April 2020 and November 2021.²²⁷ The screenshot below is from the letter that MDE sent Safari Restaurant on September 28, 2020, asking them to verify how they were possibly serving the same amount of children as the St. Paul Public School District.²²⁸ Evidently, this outrageous meal distribution claim was still not enough for MDE to cut off funding to FOF despite these clear signs of fraud.

²²⁵ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 114-15 (Feb. 3, 2026) (see Appendix, at pg. 150-51 for testimony).

²²⁶ Press Release, U.S. Department of Justice, U.S. Attorney's Office, District of Minnesota, Federal Jury Finds Feeding Our Future Mastermind and Co-Defendant Guilty in \$250 Million Pandemic Fraud Scheme (Mar. 19, 2025).

²²⁷ *Id.*

²²⁸ Letter from CACFP Financial Analyst Ebbisse Williams to Aimee Bock (Sept. 28, 2020) (on file with the Committee - MDE016185). Obtained via subpoena issued on September 4, 2024 by U.S. House Committee on Education and the Workforce Chairwoman Virginia Foxx. See Letter from Virginia Foxx, Chairwoman, H. Comm. on Educ. and the Workforce, to Tim Walz, Governor, State of Minnesota (Sept. 4, 2024).

Estimated Reimbursement

The following sites have been identified as increasing by 10% or more compared to Program Year 2020. Please provide justification as to how these sites have grown by this amount:

Additionally, based on the information you provided, the Safari Restaurant is projected to serve a comparable number of meals under CACFP At-Risk that the entire St. Paul Public School District provides under SFSP and NSLP/SBP. Please explain how Safari Restaurant has this capacity to serve this number of meals, the need for these meals, and how the site is promoted.

SITE	JUSTIFICATION
SAFARI RESTURANT	
EVERGREEN GROCERY AND DELI	
LIDO RESTAURANT	
AL-IKHLAS ISLAMIC CENTER	
GEDI ADULT DAY CARE CORP	
S & S CATERING	
STAR LEARNING CENTER ARAS	

- MDE was not conducting in-person visits of food sites that FOF sponsored, instead opting to conduct virtual visits over a video call. During an April 2020 virtual site visit, FOF executive director Aimee Bock claimed that her phone died during the call. Bock then claimed that the FOF-sponsored site served an additional 1,800 meals (one per child) in one hour after her phone died.²²⁹ When asked whether she thought Bock's claim of serving 1,800 meals in an hour was plausible, former MDE Commissioner Mary Cathryn Ricker testified that it would be very difficult for a single restaurant site to serve 1,800 meals in an hour like Aimee Bock had claimed.²³⁰
- When asked why MDE was not conducting in-person site visits, Assistant Commissioner Korte testified that MDE could have physically monitored FOF providers or sites, but concerns about lawsuits from FOF caused MDE not to physically monitor FOF-sponsored sites.²³¹
- In an interview with the FBI that was later reported on by media, one MDE official said that she was "warned not to do anything that would be considered targeting or discriminating against certain diverse communities" when she expressed concerns about fraud.²³²
- MDE consistently blamed lack of support from USDA for not fighting back against FOF litigation, resulting in additional site approvals, ongoing federal taxpayer reimbursements

²²⁹ Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 84.

²³⁰ Transcribed Interview of Mary Cathryn Ricker, Former Comm'r, Minnesota Dep't of Educ., at 88-89 (Feb. 5, 2026) (*see* Appendix, at pg. 152 for testimony).

²³¹ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 63 (Feb. 3, 2026).

²³² Jeffrey Meitrodt, 'An open secret': New records reveal officials failed to act on fraud warnings, MINNESOTA STAR TRIBUNE (May 17, 2026).

and not disenrolling them from the USDA federal child nutrition programs, despite suspicions of fraud.²³³ Emily Honer also tried to blame USDA regulations for MDE's inability to stop payment.²³⁴

- MDE failed to promulgate state regulations for the federal CACFP and relied on a 2017 nonprecedential state court of appeals' decision as a basis for its inaction on FOF fraud.²³⁵ In the 2017 case, the Minnesota Court of Appeals ruled in favor of Partners in Nutrition because MDE had adopted more stringent standards for financial viability than those set forth in federal regulations.²³⁶ The Minnesota Office of the Legislative Auditor (OLA) confirmed in its briefing with Committee staff on February 10, 2026, that the lawsuit was fact-specific and did not set legal precedent,²³⁷ which meant that MDE was not bound by the prior action brought by Partners in Nutrition.²³⁸ Assistant Commissioner Korte also testified that USDA told MDE it was supportive of MDE's determination that Partners in Nutrition lacked financial viability.²³⁹

Assistant MDE Commissioner Daron Korte (February 3, 2026)

Q. And was USDA at all responsive to your specific concerns around Feeding our Future and Partners in Nutrition?

A. Yes. So, for Partners in Nutrition, they were supportive of our position in terms of, like, our determination of financial viability, they said, **"Yup, that's within your jurisdiction as a State to make that determination."**

- In the fall of 2021, MDE denied the application of another nonprofit, Youth Leadership Academy, d/b/a Gar Gaar Family Services (Gar Gaar), to participate in the CACFP on grounds that the organization lacked financial viability.²⁴⁰ The Minnesota Court of Appeals upheld MDE's decision.²⁴¹ Gar Gaar was the third largest FNP provider in Minnesota and was top SFSP provider in the state, having been reimbursed \$28 million for over 7 million meals it claimed to serve in just three months.²⁴²

²³³ Transcribed Interview of Emily Honer, Dir. of Nutrition Program Services, Minnesota Dep't of Educ., at 40 (Jan. 29, 2026) (see Appendix, at pg. 153 for testimony).

²³⁴ *Id.*

²³⁵ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 54-56 (Feb. 3, 2026).

²³⁶ See *In re Partners in Nutrition*, 896 N.W.2d 564 (Minn. Ct. App. 2017).

²³⁷ Briefing by Minnesota Office of the Legislative Auditor, to H. Comm. on Oversight & Gov't Reform Majority and Minority Staff (Feb. 10, 2026).

²³⁸ *Id.*

²³⁹ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 88 (Feb. 3, 2026).

²⁴⁰ See Petition for Order Approving Assurance of Discontinuance, *In re Youth Leadership Academy d/b/a Gar Gaar Family Services*, 27-CV-24-18151, Fourth Judicial District (Dec. 3, 2024), available at https://www.ag.state.mn.us/Office/Communications/2024/docs/GarGaar_AoD.pdf.

²⁴¹ *Id.*

²⁴² Deena Winter, *Some Minnesota autism centers got money through fraud-riddled federal child nutrition program*, MINNESOTA REFORMER (Sept. 4, 2024).

- MDE and Attorney General Ellison chose to act on the state’s authority to stop Gar Gaar’s participation in CACFP due to a lack of financial viability, but they refused to take any action against FOF for this same concern²⁴³ until after an FBI investigation into FOF became public in January 2022.²⁴⁴
- FOF lacked clear safeguards that MDE and the Attorney General’s Office should have checked and verified as soon as they had suspicions about fraud, instead of allowing them to continue to participate in the federal child nutrition programs for almost two years. Assistant MDE Commissioner Korte testified that FOF lacked both a dedicated financial and accounting staff. He explained that it was abnormal for a sponsor to lack both financial and accounting staff, but he did not remember reporting that to anyone at MDE.²⁴⁵
- As recently as January 6, 2026, Attorney General Ellison brought charges against a non-profit under Minnesota’s civil Nonprofit Corporation Act and the Supervision of Charitable Trusts and Trustees Act for claims that included failing to maintain financial records and breaches of director’s and officer’s fiduciary duties.²⁴⁶ Attorney General Ellison stated, “[m]y office launched this investigation and filed this lawsuit because I will not allow nonprofits to serve as a guise for non-profit leaders to enrich themselves.”²⁴⁷ Attorney General Ellison’s statements about the January 2026 lawsuit should have applied equally to FOF in 2020.
- In February 2020, the IRS revoked Feeding Our Future’s non-profit status due to their failure to file required documentation.²⁴⁸ The IRS posted this revocation on its website on May 11, 2020.²⁴⁹ The IRS revocation of FOF’s non-profit status should have prompted Attorney General Ellison to act against FOF as non-profit entities are required to register with the Attorney General as a soliciting charitable organization or a charitable trust.²⁵⁰ Nonprofits registered with the Minnesota Attorney General Office’s Charities Division are required to file an annual report that asks if the entity’s IRS tax-exempt status has changed.²⁵¹ Despite this, when Aimee Bock applied to enroll FOF in the USDA’s SFSP in June 2020, she attested that FOF was still a non-profit 501(c)(3).²⁵² Despite its non-profit

²⁴³ Transcribed Interview of Daron Korte, Assistant Comm’r, Minnesota Dep’t of Educ., at 86 (Feb. 3, 2026).

²⁴⁴ Kelly Smith & Stephen Montemayer, *Question over judge’s words leads to finger pointing in food fraud scandal*, THE MINNESOTA STAR TRIBUNE (Sept. 27, 2022).

²⁴⁵ Transcribed Interview of Daron Korte, Assistant Comm’r, Minnesota Dep’t of Educ., at 113 (Feb. 3, 2026).

²⁴⁶ Press Release, The Office of Minnesota Attorney General Keith Ellison, Attorney General sues non-profit and its president for blatant the misuse of charitable assets (Jan. 6, 2026).

²⁴⁷ *Id.*

²⁴⁸ Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 83.

²⁴⁹ *Id.* at 84.

²⁵⁰ Minn. Stat. ch. 309; Minn. Stat. ch. 501B.36 (under the Charitable Trust Act, an “organization with a charitable purpose” that has “gross assets of \$25,000 or more at any time during the year” is required to register with the AGO as a charitable trust).

²⁵¹ See *Registration and Reporting - Charities and Charitable Trusts*, THE OFF. OF MINNESOTA ATTORNEY GEN. KEITH ELLISON (last visited May 29, 2026), at Charitable Trust – Annual Report C2, *available at* <https://www.ag.state.mn.us/Charity/InfoCharitableOrgandTrusts.asp>.

²⁵² Email from Aimee Bock to Monica Herrera, *et al.* (June 19, 2020) (on file with the Committee – MDE 15704).

status being revoked several months earlier, MDE approved of FOF's application, and did not declare FOF to be in serious deficiency for the revocation until January 2021.²⁵³

- Emily Honer testified that MDE allowed FOF to enroll in the SFSP even though their tax-exempt status had expired, information that was posted on the IRS's website before FOF applied to enroll in the SFSP.²⁵⁴ Ms. Honer claimed that MDE was unaware that FOF had lost their tax-exempt status when they were approved and insisted that MDE had checked FOF's tax-exempt status through a third party software, which showed they were tax exempt.²⁵⁵ Despite knowing that the third party software's information may be outdated, MDE did not verify this information with the IRS.²⁵⁶

Obtained via subpoena issued on September 4, 2024 by U.S. House Committee on Education and the Workforce Chairwoman Virginia Foxx. *See* Letter from Virginia Foxx, Chairwoman, H. Comm. on Educ. and the Workforce, to Tim Walz, Governor, State of Minnesota (Sept. 4, 2024) (*see* Appendix, at pg. 154-55 for Bock's email and supporting documentation).

²⁵³ Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 87.

²⁵⁴ Transcribed Interview of Emily Honer, Dir. of Nutrition Program Services, Minnesota Dep't of Educ., at 102 (Jan. 29, 2026) (*see* Appendix, at pg. 156 for testimony).

²⁵⁵ *Id.* at 102-103 (*see* Appendix, at pg. 157 for testimony).

²⁵⁶ *Id.* at 103.

MDE had unilateral authority to terminate funding to Feeding Our Future. MDE failed to act on its authorities to detect and prevent fraud, blaming their inaction on USDA regulations and Feeding Our Future and the meal providers it sponsored for ongoing litigation and threats about being perceived as racist.

- In response to questions about the validity of invoices, in April 2020, FOF's now-convicted founder and executive director Aimee Bock²⁵⁷ threatened MDE with a lawsuit claiming racial discrimination.²⁵⁸ Bock and FOF filed their lawsuit in Minnesota state court in November 2020, alleging violations of the Minnesota Human Rights Act²⁵⁹ based on MDE's failure to approve FOF applications for new food-distribution sites.²⁶⁰
- Despite clear evidence that fraud was occurring in the federal child nutrition programs and USDA expressing their support of MDE's refusal to approve the sites at issue, MDE approved these sites anyway because they feared losing the lawsuit and being perceived as racist.²⁶¹
- Minnesota Department of Education officials who were interviewed by the FBI stated that they were discouraged from looking into possible fraud in federally funded meal programs administered by Minnesota and conducting aggressive oversight because management was afraid of litigation and intimidated by accusations of racism from Feeding Our Future.²⁶² One MDE official specifically said that she was "warned not to do anything that would be considered targeting or discriminating against certain diverse communities" when she expressed concerns about fraud.²⁶³
- In an interview with federal officials that was later reported on by the media, an MDE official said she attempted to establish a rule that would help the agency better combat sites frequently switching sponsors, which was a tactic used by fraudsters to evade oversight, but she was "forced to take back the rule" after Aimee Bock complained to MDE Commissioner Heather Mueller's office.²⁶⁴

²⁵⁷ Press Release, U.S. Department of Justice, Federal Jury Finds Feeding Our Future Mastermind and Co-Defendant Guilty in \$250 Million Pandemic Fraud Scheme (Mar. 19, 2025); WCCO Staff, *Feeding Our Future Founder Aimee Bock ordered to forfeit \$5.2 million*, CBS NEWS (updated Dec. 31, 2025).

²⁵⁸ Jonah Kaplan & Joe Walsh, *Everything we know about Minnesota's massive fraud schemes*, CBS NEWS (updated Jan. 5, 2026).

²⁵⁹ See generally 2025 Minnesota Statutes, Chapter 363A. Human Rights.

²⁶⁰ News Release, Minnesota Judicial Branch, *Feeding Our Future v. Minnesota Department of Education: Correcting Media Reports and Statements by Governor Tim Walz Concerning Orders Issued by the Court* (Sept. 23, 2022).

²⁶¹ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 107-08 (Feb. 3, 2026) (see Appendix, at pg. 158 for testimony); see also *Id.* at 119.

²⁶² Jeffrey Meitrodt, *'An open secret': New records reveal officials failed to act on fraud warnings*, MINNESOTA STAR TRIBUNE (May 17, 2026).

²⁶³ *Id.*

²⁶⁴ *Id.*

- Assistant Commissioner Korte testified that MDE could have unilaterally terminated funds to FOF without USDA approval, but they were perturbed by the possibility of FOF bringing litigation against them.²⁶⁵

Assistant MDE Commissioner Daron Korte (February 3, 2026)

Q. And, just to clarify, there would have been no way for MDE to unilaterally make a decision on terminating funds for Feeding our Future.

A. I think we could have. You know, we could - we could unilaterally make that decision, but we just knew, with Feeding our Future, it was going to end up in court and had the potential to be overturned. But that is to say, like, **we don't need USDA's approval to proceed- with termination, is my understanding of how the process works.**

- At the hearing, Governor Walz testified that he was unaware of the racial discrimination claims FOF brought against MDE.²⁶⁶ This is very difficult to believe because FOF's racial discrimination claims against MDE have been widely reported in Minnesota and litigated in court.²⁶⁷ Additionally, Assistant Commissioner Korte testified that MDE, including Korte himself, briefed the Governor's office in April 2020 on the draft lawsuit and litigation hold, which contained accusations of racial discrimination.²⁶⁸

²⁶⁵ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 89 (Feb. 3, 2026).

²⁶⁶ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 75 (Mar. 4, 2026) (see Appendix, at pg. 159 for testimony).

²⁶⁷ See, e.g., Ashley Oliver, *How a single discrimination claim helped Minnesota's largest food-aid fraud slip past state watchdogs*, FOX NEWS (updated Dec. 10, 2025).

²⁶⁸ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 106-07 (Feb. 3, 2026).

Contrary to reports from Governor Walz and in the media, no court or law enforcement agency ever mandated that MDE keep paying FOF. After a brief stop-pay order was placed in March 2021, MDE voluntarily resumed payments in April 2021, after MDE was well-aware taxpayer dollars were going to fraud. Taxpayer dollars continued going to FOF until January 2022 when federal authorities raided FOF-sponsored food sites.

- In March 2021, due to MDE declaring that FOF was in “serious deficiency” for failure to follow federal nutrition program regulations, MDE stopped payments to FOF and initiated termination proceedings from its CACFP sponsorship.²⁶⁹ In April 2021, FOF asked the court (during its ongoing litigation against MDE initiated in November 2020) to order MDE to resume payments and pay sanctions.²⁷⁰ Nine days after an April 21, 2021, hearing in the state court where the judge never ruled on MDE’s stop-pay order, MDE voluntarily removed its stop pay order on FOF.²⁷¹
- Governor Walz claimed in 2022 that despite his administration identifying fraud, “very early,” “[M]ost of the money left after **we were forced to continue to pay**, not before,” incorrectly indicating that the Ramsey County District Court ordered Minnesota to continue payments to FOF.²⁷² While Attorney General Ellison did not directly claim that the court ordered a removal of MDE’s stop-pay order like Governor Walz did, Ellison still blamed the court’s “contempt order and fines on MDE” about a different issue than the stop-pay order as the reason why Minnesota kept federal funds going to FOF despite MDE’s knowledge of the fraud.²⁷³
- In response to the Governor’s statement, Judge Guthmann, who oversaw the case, took the remarkable step of issuing a statement rebutting these claims, saying that he, “**never ordered the Department of Education to resume payments to FOF in April 2021, or at any other time,**” and that, “**all of the Minnesota Department of Education food reimbursements to FOF were made voluntarily, without any court order.**”²⁷⁴ Emily Honer affirmed this in her transcribed interview.²⁷⁵
- Assistant Commissioner Korte testified that MDE’s decision to remove the stop-pay order and resume payment against FOF was completely voluntary. Korte confirmed that there were no negotiations with FOF and this was completely an internal decision.²⁷⁶

²⁶⁹ Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 88.

²⁷⁰ *Id.* at 89.

²⁷¹ *Id.*

²⁷² Gov. Tim Walz pushes back against food fraud criticism, CBS NEWS (Sept. 22, 2022) (emphasis added).

²⁷³ Keith Ellison, *Attorney General Ellison: My meeting before Feeding Our Future raid was routine*, MINNESOTA STAR TRIBUNE (Apr. 21, 2025).

²⁷⁴ News Release, Minnesota Judicial Branch, Feeding Our Future v. Minnesota Department of Education: Correcting Media Reports and Statements by Governor Tim Walz Concerning Orders Issued by the Court (Sept. 23, 2022) (emphasis added).

²⁷⁵ Transcribed Interview of Emily Honer, Dir. of Nutrition Program Services, Minnesota Dep’t of Educ., at 122 (Jan. 29, 2026) (*see* Appendix, at pg. 160 for testimony).

²⁷⁶ Transcribed Interview of Daron Korte, Assistant Comm’r, Minnesota Dep’t of Educ., at 131-32 (Feb. 3, 2026).

Assistant MDE Commissioner Daron Korte (February 3, 2026)

Q. So MDE removed their stop-pay 9 days after the April 21, 2021, hearing. What did you know about MDE's intentions to resume payments to Feeding Our Future after the hearing?

A. Yes. So we had a discussion about -- as you can see, you know, the part that we didn't cover there was that it says, "However, the court indicated that MDE's decision to stop paying Feeding Our Future's claims was 'a real problem.'"

So we knew that, if this were going to be something that was taken to a motion -- or, I mean, to requiring the judge to issue an order, that there was a high likelihood that he was going to find in favor of Feeding Our Future. There was also a high likelihood that we were going to be found in contempt of court once again and have to pay attorney-fee sanctions once again.

So, rather than going through all of that process and having yet, you know, more sanctions being paid to Feeding Our Future, we just decided to voluntarily lift the stop-pay.

Q. Did you have any negotiations with Feeding Our Future, or was this decision reached internally within MDE?

A. **There was no negotiations happening with Feeding Our Future at that time. They were not willing to negotiate with us.**

Q. Who would've been part of the decision to resume payments, aside from you?

A. I can't remem- -- it was definitely me and then, you know, a conversation with Monica Herrera, Emily Honer. And then I believe this was something that I ran by our commissioner at the time, but it wasn't like, "I need your approval on this." It was more of a, "Hey, this is how we're going to be proceeding, just to let you know."

- Assistant Commissioner Korte testified that while MDE had concerns about FOF's growth, MDE decided to wait for the FBI to announce charges against FOF before terminating their participation as a sponsor of federal child nutrition programs in January 2022.²⁷⁷ This means that MDE knew about fraud as early as April 2020, placed a stop-pay order against FOF, removed the stop pay order voluntarily, and allowed taxpayer dollars to continue going to FOF for another eight months until January 2022. During this eight-month period, hundreds of millions of federal taxpayer dollars were paid to FOF.²⁷⁸
- During the Committee's hearing, Rep. Jim Jordan questioned Governor Walz about the inconsistencies of when he knew about the fraud in FOF and the circumstances surrounding the lawsuit against MDE. Governor Walz could not sufficiently answer why he'd blamed MDE for resuming payments based off of a non-existent court order.²⁷⁹

²⁷⁷ *Id.* at 88-89 (see Appendix, at pg. 161 for testimony).

²⁷⁸ Affidavit of Jared F. Kary in Support of an Application under Rule 41 for a Warrant to Search and Seize, *In re Search of the Business Office Located at 9217 17th Avenue South, Suite 203 Bloomington, Minnesota as Described in Attachment A*, No. 25-mj-861 (DTS), at 5 (D. Minnesota. Dec. 18, 2025), available at <https://docs.house.gov/meetings/GO/GO00/20260107/118796/HHRG-119-GO00-20260107-SD071.pdf>.

²⁷⁹ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 10-12 (Mar. 4, 2026).

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II

Rep. Jordan. Thank you, Mr. Chairman. Governor, why didn't you tell the truth? Why didn't you just tell the truth about the Feeding Our Future program? This program, my understanding, received \$3 million the first year, within a couple years was getting \$200 million of taxpayer money. Whistleblowers raised concerns. As the chairman said, auditors raised concerns. Everybody raised concerns. March 30, 2021, the payments are stopped, and a little over a month later, the payments are restarted. Why didn't you tell the truth about why you restarted the payments?

Governor Walz. Well, Chairman, we did tell you, and Feeding Our Future grew because of the pandemic, and --

Rep. Jordan. I asked that question. I said why didn't you tell the truth about why you restarted the payments? The payments stopped because there were concerns obviously, or you wouldn't stop the payments. Then they are restarted a month later. What was the reason for restarting the payments?

Governor Walz. **My understanding was the agency believed that the court had required them to make those payments.**

Rep. Jordan. And that was false, wasn't it, and you repeated that, and you repeated.

Governor Walz. I think that is --

Rep. Jordan. You said that, didn't you? You said that is one of the reasons --

Governor Walz. I don't think --

Rep. Jordan. **You said the reason you restarted is because the court ordered you to do so. Is that right?**

Governor Walz. **I don't believe that is settled yet to the best of my knowledge.**

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II

(cont.)

Rep. Jordan.

Well, I think it is because the court did something that I don't know if I have ever seen it. They issued a statement saying you were wrong in what you were saying. This is from the court. It says, "Feeding Our Future v. Minnesota Department of Education Correcting Reports and Statements by Governor Tim Walz concerning Orders Issued by the Court." Here is what the judge says: **"Governor Tim Walz told the media that the Minnesota Department of Education attempted end payments to FOF because of possible fraud, but that Judge Guthmann ordered payments to continue in April 2021."** Next sentence, "That is false." So, you said something wasn't true. He further states this, Judge Guthmann. The court says this, **"Judge Guthman never ordered the Department of Education to resume payments to Feeding Our Future in April 2021 or at any other time."** So, I want to know why didn't you tell the truth?

Governor Walz.

Congressman, the attorneys at the Department of Education interpreted that differently. Both of those judges are no longer on the bench, and I think that interpretation –

...

Rep. Jordan.

Well, somebody is lying. Somebody is because you can't say the court ordered you to restart the payments, and then the court says we didn't order you to restart the payments. So, either you are lying, or the court is lying, and I am just asking you, which one is it?

Governor Walz.

I just simply know what the attorneys at the agency believed that it was a misinterpretation.



- Governor Walz had previously claimed that his administration was unable to stop payments to FOF because the FBI instructed them to continue payments to FOF while its investigation continued.²⁸⁰ However, Assistant Commissioner Korte testified that the FBI never told MDE to resume payments to Feeding Our Future.²⁸¹

Assistant MDE Commissioner Daron Korte (February 3, 2026)

Q. Did the FBI ever tell you or anybody else at MDE to resume payments to Feeding Our Future?

A. **No.**

²⁸⁰ CBS, *Gov. Tim Walz pushes back against food fraud criticism*, CBS NEWS (Sept. 22, 2022).

²⁸¹ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 133 (Feb. 3, 2026).

DHS Control and Policy Failures

DHS lacked oversight mechanisms, sufficient internal controls, and failed to take responsibility for stopping fraud. Additionally, in certain programs, DHS ignored its program's integrity responsibilities because of "pressure" to get money out the door.

- In his sworn testimony before the Committee on January 7, 2026, Minnesota State Representative Walter Hudson, a member of the Minnesota House Fraud Prevention and State Agency Oversight Policy Committee, testified that Minnesota has a pervasive culture of prioritizing rapid expansion of provider participation and spending over oversight and accountability.²⁸²
- Former Commissioner Jodi Harpstead confirmed that DHS made decisions to get money out the door quickly because, “[t]here was always pressure to get the money out and make sure that we were spending the money that had been appropriated.”²⁸³ DHS needed to spend the money to further justify continued appropriations levels.
- Former Commissioner Harpstead testified that she personally contacted a large provider about acquiring a smaller provider being investigated for fraud to help the agency avoid stopping payment.²⁸⁴ This suggests a culture within DHS of prioritizing the continued flow of money at high risk for fraud above ensuring its use for legitimate purposes and safeguarding taxpayer funds.
- The Walz Administration seems to have prioritized spending federal dollars on Minnesota’s social services without safeguards for those funds. During the Committee’s hearing, when confronted with a report released by his Administration’s top official to fight fraud, Governor Walz did not provide a direct answer when asked why his Administration was more focused on “compassion” than complying with the law and safeguarding taxpayer dollars.²⁸⁵

²⁸² *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part I: A Hearing before the H. Comm. on Oversight & Gov’t Reform*, 119th Cong. 2, at 84-85 (Jan. 7, 2026) (see Appendix, at pg. 162 for testimony).

²⁸³ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 36 (Feb. 23, 2026).

²⁸⁴ *Id.* at 64-65 (see Appendix, at pg. 163 for testimony).

²⁸⁵ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov’t Reform*, 119th Cong. 2, at 85 (Mar. 4, 2026) (see Appendix, at pg. 164 for testimony).

- DHS failed to follow federal regulations to protect Medicaid program integrity. Minnesota has applied for and received numerous Home and Community Based Services (HCBS) waivers for its Medicaid funded programs, including for HSS, EIDBI, and ICS, which allows the state to meet the needs of people who prefer to get long-term care services and supports in their home or community, rather than in an institutional setting.²⁸⁶ According to CMS regulations, initial eligibility determinations for Medicaid programs authorized under HCBS waivers must be conducted by an independent entity, separate from the provider of direct services.²⁸⁷ If the state makes an exception to the eligibility determination regulations, it must implement strict conflict of interest protections.²⁸⁸ During his transcribed interview, Assistant Commissioner Eric Grumdahl testified that DHS did not always follow the CMS eligibility regulations, creating exceptions by allowing the same entity that delivered the assessment to also provide services, which resulted in program integrity issues.²⁸⁹
- Former DHS Assistant Commissioner Grumdahl also testified that he had conversations about HSS program integrity concerns with DHS Commissioner Harpstead in 2022 and 2023.²⁹⁰ Despite this, Mr. Grumdahl told the Committee the only legislative steps his team took to address HSS program integrity concerns occurred during the 2025 legislative session.²⁹¹
- DHS had direct knowledge of forgery in the HSS program in 2022 or 2023.²⁹² Instead of acting on these serious indications of fraud through a stop-payment or provider termination, DHS did nothing until it was too late. In 2025, DHS elevated the risk level for HSS,²⁹³ just months before the HSS Program was terminated for “insufficient controls to prevent bad actors from accessing funding.”²⁹⁴
- Then-Temporary Commissioner Gandhi tried to blame the Minnesota Legislature for HSS licensure issues.²⁹⁵ However, when pressed about when DHS raised fraud or program integrity concerns to the legislature, she denied any knowledge about the HSS Program licensure protocols prior to her appointment as Temporary Commissioner.²⁹⁶

²⁸⁶ *Home & Community Based Services Authorities, 1915(c)*, U.S. DEP’T OF HEALTH & HUM. SERVICES, CENTERS FOR MEDICARE & MEDICAID SERVICES (last visited May 29, 2026); *Medicaid, Home & Community Based Services Authorities 1915(i)*, U.S. DEP’T OF HEALTH & HUM. SERVICES, CENTERS FOR MEDICARE & MEDICAID SERVICES (last visited May 29, 2026).

²⁸⁷ 42 C.F.R. § 441.730 (2026).

²⁸⁸ 42 C.F.R. § 441.300 (2026).

²⁸⁹ Transcribed Interview of Eric Grumdahl, Former Assistant Comm’r, Minnesota Dep’t of Hum. Services, at 132-33 (Feb. 12, 2026) (*see* Appendix, at pg. 165 for testimony).

²⁹⁰ *Id.* at 20-21 (*see* Appendix, at pg. 166 for testimony).

²⁹¹ *Id.* at 135-36 (*see* Appendix, at pg. 166 for testimony).

²⁹² *Id.* at 21-22 (*see* Appendix, at pg. 167 for testimony).

²⁹³ *Id.* at 39.

²⁹⁴ MPR News Staff, *Minnesota moves to end housing stabilization program after reports of possible fraud*, MPR NEWS (Aug. 1, 2025).

²⁹⁵ Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 160-61 (Feb. 17, 2026).

²⁹⁶ *Id.* (*see* Appendix, at pg. 168 for testimony).

- In its first charges related to the defrauding of the EIDBI program, the USAO alleged that the autism center operated by the charged defendant had provided false autism diagnoses to enroll a greater number of beneficiaries in exchange for kickbacks.²⁹⁷ The USAO also alleged that this scheme was likewise utilized by other autism care providers.²⁹⁸ Then-Temporary DHS Commissioner Shireen Gandhi was unable to confirm if DHS had a mechanism for ensuring that children enrolled in the EIDBI program actually have autism spectrum disorder.²⁹⁹

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. The first charge brought by the USAO for Minnesota in the EIDBI program said that the individual that they were charging ran an organization providing services to children with autism. And part of the charge was that this individual was arranging for diagnoses of autism for children who actually did not have autism. Are you concerned at all that some of these diagnoses are being falsified by providers in order to obtain more Medicaid reimbursements for this program?

A. Yeah, that -- I mean, that's a very concerning claim and very upsetting if that's happening. And I think, as always, we have to look at the fraud schemes that are out there and make sure we're putting whatever measures we can in place to guard against that type of fraud.

Q. And does DHS have a way of verifying that the autism diagnosis of a recipient of these services is legitimate?

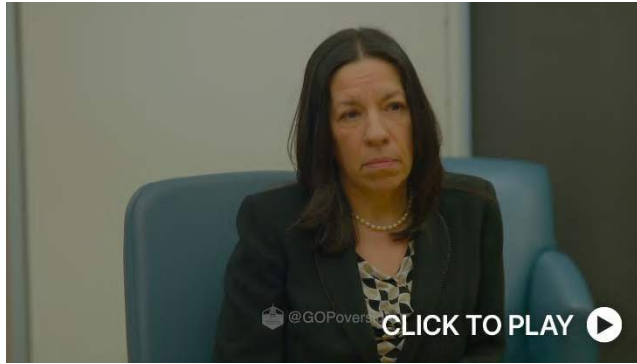
A. **I would need to -- I don't know specifically how our program area, all the checks and balances of the diagnoses, but needs, whatever it is, needs to be continually evaluated based on what we are seeing in terms of fraudulent activity.**

So if what we are doing now is not sufficient, we up it, and if that's not sufficient, we up it again.

²⁹⁷ Press Release, U.S. Department of Justice, U.S. Attorney's Office, District of Minnesota, First Defendant Charged in Autism Fraud Scheme (Sept. 24, 2025).

²⁹⁸ *Id.*

²⁹⁹ Transcribed Interview of Shireen Gandhi, then-Temporary Comm'r, Minnesota Dep't of Hum. Services, at 168 (Feb. 17, 2026).



- Former DHS Assistant Commissioner Grumdahl testified that the HSS program (the same program the U.S. Attorney’s Office said was riddled with fraud) did not require providers to be licensed from the start of the program in 2020 until early 2026.³⁰⁰ It is concerning that a program receiving taxpayer dollars did not even require its providers to be licensed, which created a substantial program integrity vulnerability.
- Former DHS Chief Financial Officer Dave Greeman testified that DHS stopped doing pre-payment review of reimbursements for their Medicaid programs due to resource constraints, and only restarted in 2025.³⁰¹ Greeman also testified that DHS is a \$25 billion agency with two percent of its annual funding going to administrative operations.³⁰² It is concerning that DHS cannot adequately conduct pre-payment review in their Medicaid programs with an annual budget of approximately \$500 million for administrative capability including oversight of payments when it was administering programs with intrinsic integrity vulnerabilities. DHS announced in February 2026, after months of national media scrutiny into the agency’s oversight of Medicaid providers, that they were adding 160 additional staff to inspect Medicaid providers.³⁰³ This about face suggests that it was not resource constraints, but Walz Administration priorities, that kept DHS from conducting pre-payment review.
- The Inspector General within DHS is not independent of the Commissioner. Then-Temporary Commissioner Shireen Gandhi testified that the Inspector General reports to the Commissioner of DHS.³⁰⁴ This is concerning from an independence standpoint but also because then-Temporary Commissioner Gandhi testified that she was largely unaware of the activity of the OIG to investigate and prevent fraud. This suggests that either the OIG was not adequately investigating fraud or that then-Temporary Commissioner Gandhi was not seeking information about fraud within DHS administered social service programs.

³⁰⁰ Transcribed Interview of Eric Grumdahl, Former Assistant Comm’r, Minnesota Dep’t of Hum. Services, at 40 (Feb. 12, 2026) (*see* Appendix, at pg. 169 for testimony).

³⁰¹ Transcribed Interview of Dave Greeman, Former Chief Fin. Officer, Minnesota Dep’t of Hum. Services, at 67-68 (Feb. 9, 2026).

³⁰² *Id.* at 69 (*see* Appendix, at pg. 170 for testimony).

³⁰³ Estelle Timar-Wilcox, *State adding staff to review nearly 6,000 Medicaid providers in Minnesota for potential fraud*, MPR NEWS (Feb. 3, 2026).

³⁰⁴ Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 71 (Feb. 17, 2026) (*see* Appendix, at pg. 171 for testimony).

- Then-Temporary Commissioner Gandhi testified that she is not briefed in detail about what information the DHS OIG reports to the FBI or the U.S. Attorney’s Office when investigating fraud.³⁰⁵ Then-Temporary Commissioner Gandhi also testified that she did not have any knowledge of specific reports about fraud in DHS programs made by the DHS OIG to the U.S. Attorney’s Office in Minnesota, who has been leading the Department of Justice’s fraud prosecutions in the state.³⁰⁶
- This is highly concerning, because according to Minnesota statute, fraud allegation are credible when they “have an indicium of reliability” that can be reached through a number of ways including but not limited to hotline complaints, claims data mining, or other patterns identified by provider audits, false claims cases, or law enforcement investigation.³⁰⁷ The credible fraud determination is not a high bar. This suggests that then-Temporary Commissioner Gandhi did not seek adequate information when local media had been reporting fraud concerns within DHS-administered Medicaid programs that existed before she assumed her role leading DHS.³⁰⁸
- Former DHS Commissioner Harpstead testified that she would be briefed on what the DHS OIG was investigating when her Deputy Commissioner anticipated that it would receive press attention.³⁰⁹ It is concerning that the Commissioner of DHS is not made aware of reports of fraud that OIG is investigating, as this limits public transparency and raises concerns that this arrangement was meant to insulate the Commissioner from understanding the scale of fraud in DHS’ programs.

³⁰⁵ *Id.* at 78 (see Appendix, at pg. 172 for testimony).

³⁰⁶ *Id.* at 78-79 (see Appendix, at pg. 173 for testimony).

³⁰⁷ 2025 Minnesota Statutes, 256B.064 Sanctions; Monetary Recovery.

³⁰⁸ For example, allegations of fraud within the EDIBI program were publicly reported on in early 2024, which state Republicans and the Minnesota Office of the Legislative Auditor highlighted. See Ryan Faircloth & Briana Bierschbach, *Is Minnesota’s Governor Taking Fraud Claims Seriously?*, GOVERNING (July 12, 2024), available at <https://www.governing.com/management-and-administration/is-minnesotas-governor-taking-fraud-claims-seriously>.

³⁰⁹ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 53 (Feb. 23, 2026) (see Appendix, at pg. 174 for testimony).

DHS mistakenly believed that it lacked authority to address provider kickbacks, despite longstanding statutory and regulatory authority to do so, and investigations into provider kickbacks were dismissed by the DHS OIG. DHS has also failed to fix an administrative rule error that has gone unaddressed since the mid-1990s, which would have provided explicit authority to suspend payments to providers while investigating allegations of kickbacks.

- On January 22, 2025, when testifying before the Minnesota Senate Committee on Human Services, DHS Commissioner Jodi Harpstead stated that DHS’s program integrity efforts were impacted by the lack of a Minnesota anti-kickback statute.³¹⁰ Federal law has a longstanding Anti-Kickback Statute that prohibits remunerations, including kickbacks, for inducing individuals to participate in federal health care programs.³¹¹ In 2025, after advocacy from Commissioner Harpstead and other DHS leadership, the Minnesota Legislature added explicit authority to sanction providers for receiving, soliciting, paying, or offering to pay kickbacks.³¹² In her transcribed interview before the Committee on February 23, 2026, former DHS Commissioner Harpstead was unsure if evidence that a provider was issuing kickbacks in exchange for enrollment in DHS-administered programs was sufficient to stop payments to that provider.³¹³ Harpstead is describing a situation below where NUWAY Alliance, Inc., a Minnesota-based Medicaid provider, was suspected of giving kickbacks for enrollment in substance abuse disorder programs. The State of Minnesota did not believe that they had recourse against NUWAY because Minnesota did not have a kick-back statute, so they allowed federal dollars to continue going to NUWAY until the federal government got involved. NUWAY agreed to an \$18.5 million settlement with the DOJ in June 2025.³¹⁴
- At a March 17, 2025, hearing before the Minnesota House of Representatives Fraud Prevention and State Agency Oversight Policy Committee, then-Temporary DHS Commissioner Shireen Gandhi testified that, “DHS and state law enforcement partners can still act related to a kickback, but there must also be evidence of fraud to do so.”³¹⁵
- Then-Temporary Commissioner Gandhi stated in her transcribed interview before the Committee that DHS OIG believed that DHS did not have authority to act on kickbacks alone.³¹⁶

³¹⁰ Minnesota Senate Media Services, *Committee on Human Services – 01/22/25*, YOUTUBE, at 52:05 (Jan. 22, 2025), available at <https://www.youtube.com/watch?v=ixKNB-aN4R8&t=3615s>.

³¹¹ See 42 U.S.C. § 1320a-7b(b).

³¹² See Minnesota Statutes 2025, 256B.064, subd. 1a(c).

³¹³ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 109-10 (Feb. 23, 2026) (see Appendix, at pg. 175 for testimony).

³¹⁴ Press Release, U.S. Department of Justice, U.S. Attorney’s Office, District of Minnesota, NUWAY Alliance Agrees to Pay \$18,500,000 Settlement in Medicaid Kickbacks Scheme, False Claims Act Violations (June 26, 2025).

³¹⁵ MNHouseInfo, *House Fraud Prevention and State Agency Oversight Policy Committee 3/17/25*, YOUTUBE, at 1:14:33 (Mar. 17, 2025), available at <https://www.youtube.com/watch?v=r8AulCA1aOQ>.

³¹⁶ Transcribed Interview of Shireen Gandhi, Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 93-94 (Feb. 17, 2026) (see Appendix, at pg. 176 for testimony).

- On March 17, 2026, the Minnesota OLA released a special review entitled “Department of Human Services Investigations of Alleged Kickbacks in the Early Intensive Developmental and Behavioral Intervention Program.”³¹⁷ The OLA assessed three allegations of kickbacks in the EIDBI program that the DHS OIG closed without investigation.³¹⁸ When the OLA inquired about these cases, DHS officials stated that prior to 2025, “the department did not have authority to investigate allegations of kickbacks in the Early Intensive Developmental and Behavioral Intervention program unless the allegation also included non-kickback conduct that met the definitions of fraud, theft, abuse, or error.”³¹⁹ The OLA disagreed, stating, “DHS has long had legal authority to address allegations of kickbacks.”³²⁰ The OLA further stated that, “DHS has had the authority to investigate allegations of kickbacks in [Medical Assistance] since the late 1990s.”³²¹ Specifically, Minnesota law that was passed in 1997 permits DHS to impose sanctions on Medical Assistance providers for committing acts that could be sanctioned under the Federal Social Security Act, which includes conduct that violates the Federal Anti-Kickback Statute.³²²
- The OLA also revealed that DHS’s administrative rules relevant to kickbacks have cited to the incorrect subparagraph of the Federal Anti-Kickback statute, which lists exceptions to felonies rather than felonies, as DHS had intended.³²³ This error has existed since 1995, and DHS has not attempted to amend this rule, which would have provided clear authority to suspend payments while investigating credible allegations of kickbacks and impose sanctions on providers found to have engaged in kickbacks.³²⁴

³¹⁷ See MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, DEPARTMENT OF HUMAN SERVICES INVESTIGATIONS OF ALLEGED KICKBACKS IN THE EARLY INTENSIVE DEVELOPMENTAL AND BEHAVIORAL INTERVENTION PROGRAM: SPECIAL REVIEW (Mar. 2026).

³¹⁸ *Id.* at 8.

³¹⁹ *Id.* at 2.

³²⁰ *Id.* at cover letter.

³²¹ *Id.* at 9.

³²² See Minnesota Statutes 2025, 256B.064, subd. 1a(a)(8).

³²³ MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, *supra* n. 317, at 13.

³²⁴ *Id.*

DHS leadership was unclear whether DHS allowed for provider self-attestation in the CCAP and “high-risk” Medicaid programs. It is problematic that DHS leadership is uncertain whether the self-attestation model is utilized, as the agency approves reimbursements for and has exhibited poor oversight of these federally funded programs.

- As previously mentioned, “self-attestation” is a commonly understood term in the social service profession to mean a written or verbal declaration of a person’s eligibility for benefits signed under penalty of perjury.³²⁵
- Former DHS CFO Dave Greeman did not know whether DHS allowed for self-attestation in Medicaid or any other federally funded social service programs administered by DHS.³²⁶ This is concerning since Dave Greeman testified that in his role as CFO, he was responsible for reviewing financial statements from a numerical perspective to determine whether provider reimbursements were proper.³²⁷
- Then-Temporary Commissioner Shireen Gandhi was also not sure whether DHS allowed for self-attestation in any of the state administered programs that receive federal funds.³²⁸ Ms. Gandhi also testified that she was not familiar with self-attestation in any of the federal programs that DHS administered prior to her time as Temporary Commissioner.³²⁹ Ms. Gandhi served as Chief Compliance Officer from 2017 until 2021, an Assistant Commissioner from 2021-2022, and as Deputy Commissioner from 2022 until her appointment as Temporary Commissioner in February 2025.³³⁰ Governor Walz appointed Gandhi to serve as Commissioner of DHS six days after her transcribed interview with the Committee.³³¹ It is concerning that Governor Walz would appoint an official to serve as the head of the largest cabinet agency in Minnesota who cannot definitively say whether the agency allows providers to self-attest for reimbursement or eligibility, especially given her long history of management roles within DHS.

³²⁵ See, e.g., U.S. DEP’T OF LABOR, ATTACHMENT II: SOURCE DOCUMENTATION FOR CORE/NON-CORE PROGRAMS DOL-ONLY DATA ELEMENT VALIDATION, at 1 (last visited May 29, 2026), *available at* https://www.dol.gov/sites/dolgov/files/ETA/advisories/TEGL/2020/TEGL_23-19_Attachment_2.pdf.

³²⁶ Transcribed Interview of Dave Greeman, Former Chief Fin. Officer, Minnesota Dep’t of Hum. Services, at 73 (Feb. 9, 2026) (*see* Appendix, at pg. 177 for testimony).

³²⁷ *Id.* at 18.

³²⁸ Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 92 (Feb. 17, 2026).

³²⁹ *Id.*

³³⁰ Shireen Gandhi, MINNESOTA DEP’T OF HUM. SERVICES (last visited May 29, 2026), *available at* <https://mn.gov/dhs/media/executive-staff-bios/media-bio-gandhi.jsp>.

³³¹ Nick Lentz, *Shireen Gandhi appointed as Minnesota DHS Commissioner after serving in temporary role*, CBS NEWS (Feb. 23, 2026).

- While then-Temporary Commissioner Gandhi did not know whether DHS allowed providers to self-attest, understanding the term, she thought that self-attestation was ineffective to prevent fraud and believed stronger controls would be necessary.³³²

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. During your time as temporary commissioner, are you aware if DHS has allowed self-attestation for any Federal programs it administers?

...

A. **Allow self-attestation. I would have to look into that for you. I don't -- I'm not recalling.**

Q. Were you familiar with self-attestation in any of the Federal programs that DHS would administer prior to your time as temporary commissioner?

A. **I don't think so.**

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Do you believe, from a compliance standpoint, that self-attestation is an effective way to prevent fraud?

A. I think self-attestation can be an important piece, but I would -- you know, **I think stronger controls would require more than that.**

- Former DHS Commissioner Jodi Harpstead, who served as Governor Walz's DHS Commissioner from July 2019 until February 2025, did not know whether DHS allowed for self-attestation in any of the state administered programs that receive federal funds.³³³ For fraud prevention and detection purposes, it is highly concerning and problematic that three high-level DHS officials were unaware of whether DHS used self-attestation to as a process to verify provider enrollments and for reimbursement purposes.

³³² Transcribed Interview of Shireen Gandhi, then-Temporary Comm'r, Minnesota Dep't of Hum. Services, at 92-93 (Feb. 17, 2026).

³³³ Transcribed Interview of Jodi Harpstead, Former Comm'r, Minnesota Dep't of Hum. Services, at 122 (Feb. 23, 2026) (*see* Appendix, at pg. 178 for testimony).

DHS' Failure to Stop Payments

DHS could unilaterally place a stop-payment on providers based on a credible allegation of fraud. However, DHS failed to act for years after receiving credible allegations of fraud. Governor Walz's hand-picked DHS Commissioner, Jodi Harpstead, who served from 2019-2025, did not feel she was qualified to take on fraud; these programs were increasingly defrauded during her tenure.

- Former DHS Commissioner Jodi Harpstead testified that in 2023, in coordination with the Attorney General's Office, DHS decided to cut off all funding to individuals indicted in the FOF case who were enrolled in DHS-administered programs, even though they did not discover any evidence that they had been defrauding DHS programs.³³⁴
- Then-Temporary Commissioner Shireen Gandhi confirmed that the DHS Commissioner has the statutory authority to stop payment whenever a credible allegation of fraud is found.³³⁵

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Are you aware of anything that prevented DHS from stopping payment to providers when a credible allegation of fraud was found?

A. **I am not aware of anything.**

Q. Were there any steps you had to take once a credible allegation of fraud was found in order to stop payment? Did it have to be approved by any sort of division within DHS? Outside of DHS?

A. That authority rests with the Inspector General, and the Inspector General does not need the approval of anybody.

Q. Could the commissioner veto any decision from the Inspector General along those lines?

A. **The authority actually rests with the commissioner, as it is in statute right now. But I have given a delegation to the Inspector General to make that decision.** And to my knowledge, I was following the past practice of the previous commissioner who also had delegated that authority to the Inspector General.

³³⁴ *Id.* at 14-15 (see Appendix, at pg. 179 for testimony).

³³⁵ Transcribed Interview of Shireen Gandhi, then-Temporary Comm'r, Minnesota Dep't of Hum. Services, at 95 (Feb. 17, 2026).

- Then-Temporary Commissioner Shireen Gandhi confirmed that DHS has made only \$50 million in Medicaid recoveries over the past 5 years.³³⁶ With an annual Medicaid expenditure of \$19.3 billion in FY 24, where the federal government covers nearly 60% of that cost, Minnesota's recovery of only \$50 million in 5 years is abysmally low when the total Medicaid expenditure in Minnesota since FY 2019 is nearly \$100 billion.³³⁷
- Former DHS Commissioner Harpstead oversaw the agency for nearly six years while rampant fraud occurred and did not feel qualified to take on the fraud once the Walz Administration decided to make it a main priority.³³⁸

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. What were the circumstances around your departure?

A. I decided to leave as -- after we had given the Governor the fraud package for his budget and it was clear that we were going to need to turn more attention to that issue, **I talked to the Governor's team one day and said that I'm not sure I'm the best person to take it from here.** I did not have a background in fraud. I was not a lawyer. It wasn't my background or my career. And I had been hired for being able to manage a large organization and innovation and understanding human services, and we're getting into a space that was not my forte and thought I should probably step away. And then I thought about it longer and finally decided that I would, so I stepped away myself February 3rd.

³³⁶ *Id.* at 170 (see Appendix, at pg. 180 for testimony).

³³⁷ *Government Spending: How much does Medicaid cost in Minnesota?*, USAFACTS.ORG (last visited May 29, 2026), available at <https://usafacts.org/answers/how-much-does-medicaid-cost-in-the-us/state/minnesota/>.

³³⁸ Transcribed Interview of Jodi Harpstead, Former Comm'r, Minnesota Dep't of Hum. Services, at 133 (Feb. 23, 2026).

In May 2025, DHS updated their agency policy to require a consultation with state law enforcement before initiating a stop payment against a provider they suspected of fraud. Then-Commissioner Gandhi was not aware of any instance where state law enforcement told DHS to continue payment despite credible allegations of fraud.

- Then-Temporary Commissioner Gandhi testified about a meeting that occurred in May 2025 between DHS, the Attorney General’s Office, and the Bureau of Criminal Apprehension where the three agencies agreed that DHS needed to “check with” the AG’s Office or the BCA before withholding payment to a provider they suspected of fraud.³³⁹ Commissioner Gandhi clarified that despite this policy change, she was not aware of any instance where law enforcement told DHS not to make a stop payment to preserve a law enforcement investigation.³⁴⁰

³³⁹ Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 148-49 (Feb. 17, 2026).

³⁴⁰ *Id.* (see Appendix, at pg. 181 for testimony).

Finding #3. Political and External Pressures Distorted Decision-Making.

Lobby Influence and Media Concerns

The social services provider community in Minnesota is a very strong lobby that wields considerable political power to direct how the Governor’s Office and agencies make decisions. The Walz Administration was more concerned about getting ahead of media reports about fraud than rooting out actual fraud to protect taxpayer dollars.

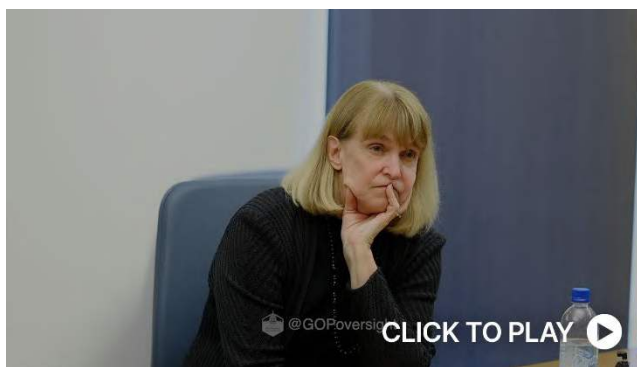
- DHS Commissioner Shireen Gandhi testified that the Governor’s office is notified when DHS acts against providers.³⁴¹
- Commissioner Harpstead testified that DHS would facilitate the purchase of providers that were having program integrity issues with larger providers to avoid stopping payment because that would have been a “big deal.”³⁴² It is concerning that DHS would just have larger providers buy up smaller providers instead of trying to stop the fraud.
- Commissioner Harpstead testified that she was regularly asked to check in with providers that brought complaints to the Governor’s office about state oversight of provider reimbursement requests.³⁴³
- While Commissioner Harpstead testified that the Governor’s Office was very interested in what the provider community thought and would request status reports from agency commissioners on case work for providers, Harpstead was very hesitant to answer questions about the background of the provider community bringing these complaints, waiting nearly a minute to decide how she wanted to answer the question.³⁴⁴

³⁴¹ *Id.* at 32 (see Appendix, at pg. 182 for testimony).

³⁴² Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 27-29 (Feb. 23, 2026).

³⁴³ *Id.* at 69-70 (see Appendix, at pg. 183 for testimony).

³⁴⁴ *Id.* at 71-72 (see Appendix, at pg. 184 for testimony).



- Former Commissioner Harpstead testified that Governor Walz’s Former Chief of Staff Chris Schmitter would ask for status updates about provider concerns and whether they had been investigated.³⁴⁵ Commissioner Harpstead testified that most of the concerns she was asked to investigate by the Governor’s office came from providers involved in the Medicaid program who sought reimbursement for services allegedly provided.³⁴⁶
- Governor Walz’s office was primarily interested in DHS taking action in cases of fraud that were getting media attention rather than all instances of fraud. Commissioner Harpstead testified specifically that her Deputy Commissioner at the time, Chuck Johnson, who the DHS OIG also reported to, would brief her on issues that were likely to come up in the press, when asked about the nature of her conversations with the Deputy Commissioner.³⁴⁷ It is concerning that the DHS Commissioner remembers only specifically communicating with her Deputy Commissioner about fraud issues that would have been reported in the media.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

- Q. Do you remember the general nature of what he would say OIG was looking into?
- A. Perhaps to tell me that something was about to happen that could make it into the press so I would know before I heard about it somewhere else.
- ...
- Q. But, basically, if this were issues that were going to be in the press, these were pretty big things he would have had to notify you about.
- A. Uh-huh.

³⁴⁵ *Id.* at 86-87 (see Appendix, at pg. 185 for testimony).

³⁴⁶ *Id.*

³⁴⁷ *Id.* at 53-54.

- Commissioner Harpstead would then report those newsworthy items about fraud to Governor Walz’s office through Anne O’Connor, Deputy Chief of Staff for Cabinet Affairs.³⁴⁸ While Harpstead testified that she would meet with the Deputy Chief of Staff for Commissioner Affairs, Anne O’Connor lists her title on LinkedIn as Deputy Chief of Staff for Cabinet Affairs, but Harpstead’s testimony confirms she is speaking about the same person.³⁴⁹ Commissioner Harpstead testified that Governor Walz’s staff would have periodic meetings with her to check-in on their progress dealing with complaints from providers.³⁵⁰

³⁴⁸ *Id.* at 58.

³⁴⁹ *Anne O’Connor – Deputy Chief of Staff for Cabinet Affairs*, LINKEDIN (last visited May 29, 2026), available at <https://www.linkedin.com/in/anne-o-connor-288732287>.

³⁵⁰ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 58 (Feb. 23, 2026) (*see* Appendix, at pg. 186 for testimony); *see also Id.* at 60.

Racism Accusations

DHS was accused of racism from the social services provider community when they tried to address fraud early in Governor Walz's tenure. While DHS officials refused to admit this, it appears that the agency made decisions based on what was politically advantageous, not what would safeguard taxpayer dollars.

- Similar to what MDE experienced from FOF, the provider community levied accusations of racism at DHS personnel if DHS did not act how the providers wanted them to. Then-Temporary Commissioner Gandhi testified that DHS received pushback from providers in the CCAP program as early as 2018-19 and were called racist for how the agency made decisions for this community.³⁵¹ DHS was apparently more concerned with not upsetting this community than with properly safeguarding taxpayer dollars.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Were you aware of any reports of State officials being discouraged from questioning certain funding out of fear of being labeled as racist during the pandemic?

...

A. No. I mean, I heard media reports, but I don't -- you know, I didn't have people coming to me expressing concern.

Q. Do you know if they came to any of your colleagues?

A. I'm not aware.

Q. Was it something ever brought up in a briefing with the commissioner or any outside parties at DHS?

A. So, I mean, there were media reports and concerns raised, you know, publicly that **anytime we take action, you know, if it's -- if it's somebody from a community that's not sort of the majority community, that it's racist or we're acting inappropriately against a community.** That's happened to me in the time that I've been commissioner, I've heard that raised. But, you know, everybody complains when you're taking action against them no matter what community you're in, so –

³⁵¹ Transcribed Interview of Shireen Gandhi, then-Temporary Comm'r, Minnesota Dep't of Hum. Services, at 98-99 (Feb. 17, 2026).

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

(cont.)

...

Q. And is that just in your time as temporary commissioner or do you remember hearing about pushback prior to then?

A. Well, it's mostly in my time as temporary commissioner, but there was a time when it was so public and in the media over CCAP that, you know, DHS at the same time was too hard on providers and too easy on providers. So the regulations, you know, that we were enforcing them too much or not enough, depending on, you know, whatever -- however you felt, center -- family child care providers, center providers, et cetera.

Q. Do you know when this would have been?

A. That would have been back in the early days when I was at DHS, so maybe 2018, 2019.

- Gandhi refused to name the Somalian community as the provider group giving DHS the most pushback about cracking down on fraud.³⁵² News reporting alleges that state officials were unwilling to tackle fraud associated with this community because of “political backlash” from a group with “growing political power.”³⁵³
- Members of the Minnesota Fraud Prevention and State Agency Oversight Policy Committee testified before the Oversight Committee that they have been lambasted as being racist for raising concerns about fraud, and that critics besmirched the character of a whistleblower who highlighted childcare fraud.³⁵⁴ While the Minnesota Fraud Prevention and State Agency Oversight Policy Committee has been frank that the vast majority of the fraud has been committed by members of the Somali community, “some of [their] best whistleblowers are also in the Somali community.”³⁵⁵

³⁵² *Id.* at 101 (see Appendix, at pg. 187 for testimony).

³⁵³ Ernesto Londoño, *How Fraud Swamped Minnesota's Social Services System on Tim Walz's Watch*, THE N.Y. TIMES (updated Jan. 7, 2026).

³⁵⁴ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part I: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 98 (Jan. 7, 2026) (statement of Marion Rarick, Representative, Minnesota House of Representatives) (see Appendix, at pg. 188 for testimony).

³⁵⁵ Eric Daugherty (@EricLDaugh), X, (Dec. 30, 2025, 2:46 PM), available at <https://x.com/EricLDaugh/status/2006089448409157860>.

Attorney General Ellison Relationships

Attorney General Keith Ellison’s relationships with people who have been convicted of fraud and his failure to prosecute them under his office’s legal authorities raise concerns about his impartiality and effectiveness at combatting fraud. AG Ellison has confirmed the existence of a December 2021 audio tape where he discussed state oversight of social service providers with those involved in the Feeding Our Future scheme but tried to downplay the circumstances of why he met with convicted fraudsters.

- Attorney General Ellison had the authority to investigate and prosecute Medicaid fraud and the FOF fraudsters under Minnesota law. Instead, Attorney General Ellison enabled fraud by failing to investigate and prosecute known FOF fraud schemes, waiting for federal authorities to step in to do his work for him.³⁵⁶ He also failed to act on known Medicaid fraud³⁵⁷ and waited until 2026 to update his office’s Medicaid Fraud Control Unit’s statutory authorities.³⁵⁸
- Despite knowledge about possible fraudulent activities and litigation threats from FOF as early as April 2020,³⁵⁹ Attorney General Ellison chose to ignore the largest pandemic fraud scheme in the nation until after an FBI investigation became public in January 2022.³⁶⁰ In doing so, he also enabled these fraudsters to continue to run their fraudulent CCAP programs, which in many cases were used to commit FOF fraud, and perpetuate multiple social services scams over long periods of time at great expense to the American taxpayer.³⁶¹
- In Minnesota, the Attorney General, through the Charities Division, has civil enforcement authority over the state’s nonprofit corporation, charitable solicitation and charitable trust laws.³⁶² The Attorney General’s powers include the authority to issue what are known as Civil Investigative Demands (CIDs), which are legally enforceable pre-litigation requests

³⁵⁶ See, e.g., Application for a Search Warrant, *supra* n. 14; Transcribed Interview of Daron Korte, Assistant Comm’r, Minnesota Dep’t of Educ., at 88-89 (Feb. 3, 2026).

³⁵⁷ Joe Augustine & Paul Blume, *A Medicaid provider was banned for fraud. She kept billing* FOX 9 KMSP (Mar. 31, 2026).

³⁵⁸ Press Release, The Office of Minnesota Attorney General Keith Ellison, Attorney General Ellison’s fraud fighting legislation passes House Judiciary Committee (Mar. 10, 2026).

³⁵⁹ Transcribed Interview of Daron Korte, Assistant Comm’r, Minnesota Dep’t of Educ., at 106 (Feb. 3, 2026).

³⁶⁰ Keith Ellison, *Attorney General Ellison: My meeting before Feeding Our Future raid was routine*, MINNESOTA STAR TRIBUNE (Apr. 21, 2025); Press Release, Office of Minnesota Attorney General Keith Ellison, Attorney General Ellison discloses ongoing investigation into Feeding Our Future, seeks court control over nonprofit (Mar. 3, 2022); and Transcribed Interview of Daron Korte, Assistant Comm’r, Minnesota Dep’t of Educ., at 88-89, 133 (Feb. 3, 2026).

³⁶¹ See Deena Winter, *About half of the people indicted in Feeding Our Future had other state contracts*, MINNESOTA REFORMER (Aug. 3, 2023).

³⁶² Minn. Stat. § 8.31, Minn. Stat. ch. 317A; Minn. Stat. § 317A.751, subd. 5.

for documents such as an entities' governance, finances and more.”³⁶³ Non-profit entities are required to register with the Attorney General's Charities Division as a soliciting charitable organization or a charitable trust³⁶⁴ and “[u]nder state law, nonprofit executives owe fiduciary duties to act in the best interest of the charities that they serve, including putting the interests of the nonprofit above any personal financial interests.”³⁶⁵ Further, the Attorney General has the power to request equitable relief, such as dissolution of the corporation and liquidation of its assets.³⁶⁶

- Despite Attorney General Ellison's significant investigative authorities, he let FOF call the shots at the expense of vulnerable children and federal taxpayer dollars. At the April 21, 2021, hearing where FOF asked Judge Guthman to remove MDE's stop-pay order, his office did not make any arguments about FOF defrauding the federal child nutrition programs.³⁶⁷ In fact, at no point during the hearing did the Attorney General's office mention the word fraud,³⁶⁸ despite having one full year's worth of evidence showing that FOF was not a legitimate federal child nutrition program sponsor.³⁶⁹
- Not until February 8, 2022, did Attorney General Ellison open an investigation into FOF, sending the known fraudulent organization a civil investigative demand.³⁷⁰ Based on that investigation, on March 3, 2022, almost three years after FOF first made allegations against MDE related to racism for not approving its meal sites,³⁷¹ Attorney General Ellison filed a petition asking the court to supervise the dissolution of FOF.³⁷²
- Declarations made by the Attorney General's Office in its February 8, 2022, petition for dissolution of FOF, demonstrate that the office knew FOF was operating without being registered under the Charitable Corporations Act, but apparently failed to take any investigative actions.³⁷³ However, in the first two months of 2019, a year before the FOF

³⁶³ Minn. Stat. § 8.31 subd. 1 (“when the attorney general has information providing a reasonable ground to believe that any person has violated, or is about to violate, any of the laws of this state referred to in subdivision 1, the attorney general shall have power to investigate those violations”); Minn. Stat. § 8.31 subd. 2 (“the attorney general upon specifying the nature of the violation or suspected violation may obtain discovery from any person regarding any matter, fact or circumstance, not privileged, which is relevant to the subject matter involved in the pending investigation []” and “[t]he discovery may be obtained without commencement of a civil action and without leave of court [].”).

³⁶⁴ Minn. Stat. ch. 309; Minn. Stat. ch. 501B.

³⁶⁵ Minn. Stat. § 317A.811.

³⁶⁶ Minn. Stat. § 317A.751.

³⁶⁷ See *Feeding Our Future v. Minnesota Department of Education*, 62-cv-20-5492 (Motion Hearing Apr. 21, 2021).

³⁶⁸ *Id.*

³⁶⁹ *Id.*

³⁷⁰ Press Release, The Office of Minnesota Attorney General Keith Ellison, Attorney General Ellison discloses ongoing investigation into Feeding Our Future, seeks court control over nonprofit (Mar. 3, 2022).

³⁷¹ Transcribed Interview of Daron Korte, Assistant Comm'r, Minnesota Dep't of Educ., at 107-08 (Feb. 3, 2026).

³⁷² See Petition For Supervised Voluntary Dissolution, *In the Matter of the Voluntary Dissolution of Feeding Our Future*, No. 19HA-CV-22-657 (Mar. 3, 2022), available at https://www.ag.state.mn.us/Office/Communications/2022/docs/FeedingOurFuture_SupervisedDissolutionPetition.pdf.

³⁷³ *Id.* at 4. (“On March 11, 2019, Feeding Our Future registered with the AGO for the first time [under the Charitable Solicitation Act]”).

draft lawsuit, civil suit and racially charged allegations, the Attorney General's Office sent two letters to FOF within one month about its requirement to file annual reports, including its IRS 990s, and to register with the charities division.³⁷⁴

- It wasn't until October 18, 2023, that Attorney General Ellison announced his office was filing "23 civil lawsuits seeking to shut down Minnesota nonprofit corporations that were created or revived to defraud the Federal Child Nutrition Program []."³⁷⁵ The Attorney General's press release discussed facts that would have been known in early 2020 if Attorney General had bothered to open an investigation into FOF, instead of meeting with the fraudsters and accepting their money for campaign contributions.³⁷⁶
 - The Attorney General's press release states, "[a]n independent civil investigation conducted by the Charities Division of the Attorney General's Office also revealed that the nonprofits [] did not appear to have legitimate nonprofit activities on site, showed evidence of misuse in bank records when located, were abandoned or gave false addresses, failed to comply with state and federal reporting requirements that would have allowed regulators to detect the fraud [] all providing grounds to shut the organizations down under Minnesota's civil nonprofit corporation laws."³⁷⁷
- During the FOF trial, Aimee Bock's defense team entered into evidence the exhibit list item number 710, which revealed a nearly hour long recording of a December 2021 meeting between AG Ellison and several future Feeding Our Future defendants.³⁷⁸ The individuals connected with Feeding Our Future who attended this meeting were:
 - Salim Said, the co-owner of Safari Restaurant who was convicted of 20 felony counts;³⁷⁹
 - Ikram Yusuf Mohamed, a former employee and consultant of Feeding Our Future and childcare center operator who, along with her husband Shakur Abdinur Abdisalam, plead guilty on March 18, 2026 to defrauding the federal government \$15 million;³⁸⁰

³⁷⁴ *Id.* ("Over the next two years, Feeding Our Future failed to submit any annual reports as required by section 309.53. As such, it was prohibited from soliciting contributions during those years. On October 25, 2021, the AGO notified Feeding Our Future that its registration had been withdrawn. (Decl. Ex. 9.) On January 28, 2022, counsel for Feeding Our Future submitted to the AGO its 2019 and 2020 Annual Reports and IRS Forms 990. (Decl. Ex. 10–13.) Prior to this date, the AGO and the public had no visibility into the financial activities set forth in these tax filings since Feeding Our Future's initial registration date in 2019.").

³⁷⁵ Press Release, The Office of Minnesota Attorney General Keith Ellison, Attorney General Ellison files 23 lawsuits to shut down fraudulent nonprofits (Oct. 18, 2023).

³⁷⁶ Rob Olson, *Keith Ellison's meeting with those involved in Feeding Our Future before FBI raids: what really happened*, FOX 9 MINNEAPOLIS-ST. PAUL (Apr. 10, 2025).

³⁷⁷ Press Release, The Office of Minnesota Attorney General Keith Ellison, Attorney General Ellison files 23 lawsuits to shut down fraudulent nonprofits (Oct. 18, 2023).

³⁷⁸ Olson, *supra* n. 376.

³⁷⁹ Bill Glahn, *Who's who on the Keith Ellison/FOF tape*, CENTER OF THE AMERICAN EXPERIMENT (Apr. 15, 2025).

³⁸⁰ *Id.*; Ray Lewis, *Minnesota couple pleads guilty to furthering Feeding Our Future fraud*, KOMO NEWS (Mar. 20, 2026).

- Abshir Omar, a political operative and consultant for Feeding Our Future who also was the deputy director of a nonprofit who ran several food sites sponsored by Feeding Our Future;³⁸¹
 - Nasro Abshir, who participated in Feeding Our Future as a food distributor;³⁸² and
 - Imam Mohamed Omar of the Dar Al-Farooq mosque in Bloomington, MN.³⁸³
- In this meeting, the FOF fraudsters told AG Ellison they were facing racial discrimination from MDE for withholding funds.³⁸⁴ AG Ellison responded by saying this was the first time he had heard of this,³⁸⁵ contradicting a public statement he made in September 2022 when AG Ellison claimed that he and his office had been “deeply involved for two years in holding Feeding Our Future Accountable.”³⁸⁶ The FOF representatives also said that Minnesota DHS Office of Inspector General investigators were racist for investigating Somali medical transportation services, child care, autism clinics, and state reimbursement programs, which have all been plagued with fraud.³⁸⁷ The fraudsters pledged the Somali community’s political and financial support to Ellison if he were to intervene on their behalf.³⁸⁸ Ellison said he would help “fight these people.”³⁸⁹
- On December 20, 2021, Ellison received several campaign donations with a combined value of \$10,000 from FOF affiliates who are now defendants in the criminal trial.³⁹⁰ The same day, AG Ellison’s son, Minneapolis City Council Member Jeremiah Ellison, received \$3,000 from FOF affiliates who have been indicted for fraud.³⁹¹ In explaining his reasoning for attending the meeting, Attorney General Ellison’s office claimed that he had been asked by Imam Mohamed Omar, a friend and clergyman of the Dar Al-Farooq mosque in Bloomington, to meet that day, and was surprised to find others present, who he did not know.³⁹² Dar Al-Farooq hosted food sites operated by FOF individuals who have been indicted on federal charges,³⁹³ and Imam Omar is listed as a part-owner of a group that was used by FOF to launder \$40 million.³⁹⁴

³⁸¹ Glahn, *supra* n. 379; Deena Winter, *Bernie Sanders’ Iowa political director went on to work for Feeding Our Future*, MINNESOTA REFORMER (Oct. 6, 2022).

³⁸² Glahn, *supra* n. 379.

³⁸³ *Id.*

³⁸⁴ Minnesota Reformer, *Keith Ellison meeting Feeding Our Future Dec. 11, 2021*, YOUTUBE, Apr. 15, 2025, at 14:30, available at https://www.youtube.com/watch?v=9lG_iNjy808.

³⁸⁵ *Id.* at 30:38.

³⁸⁶ Press Release, The Office of Minnesota Attorney General Keith Ellison, For two years, Attorney General Ellison’s office has held Feeding Our Future accountable (Sept. 26, 2022).

³⁸⁷ Minnesota Reformer, *Keith Ellison meeting Feeding Our Future Dec. 11, 2021*, YOUTUBE, at 37:30 (Apr. 15, 2025), available at https://www.youtube.com/watch?v=9lG_iNjy808.

³⁸⁸ *Id.* at 43:30.

³⁸⁹ *Id.* at 45:00.

³⁹⁰ Victor Nava, *Minnesota AG Keith Ellison accepted campaign donations from individuals linked to \$250M COVID fraud scheme*, THE N.Y. POST (Apr. 14, 2025).

³⁹¹ Bill Glahn, *Digging into Feeding Our Future political donations: The Ellison connections of December 20th*, CENTER OF THE AMERICAN EXPERIMENT (Oct. 10, 2022).

³⁹² Olson, *supra* n. 376.

³⁹³ Anders Hagstrom *et. al.*, *Audio of Ellison meeting with convicted fraudsters resurfaces as lawyer alleges Walz, AG share blame*, FOX NEWS (Jan. 7, 2026).

³⁹⁴ Sam Westrop, *Exploring Minnesota Mosque Dar Al-Farooq’s Connections to Pandemic Relief Fraud Case*, MIDDLE EAST FORUM (June 6, 2024).

- Attorney General Ellison admitted that he took campaign donations from the FOF fraudsters he met with on the recording, but he claims that all donations were returned.³⁹⁵

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II

Rep. Burchett. Okay. How much did you receive in campaign contributions from individuals charged in the Feeding Our Future case?

Mr. Ellison. **Every campaign donation I got was returned to all authorities.**



- What Attorney General Ellison left unsaid was that he only returned three donations that FOF affiliates made on December 20, 2021, worth a combined \$7,500, on December 31, 2025.³⁹⁶ This was after the Committee sent a letter to AG Ellison, which included a note that he accepted political donations from FOF affiliates following his December 20, 2021 meeting.³⁹⁷ One of these donations was from Khalid Omar, the director of the Dar Al-Farooq mosque who testified in defense of a now-convicted FOF defendant.³⁹⁸ Khalid Omar also served as the master of ceremonies at a June 2021 event celebrating FOF and its founder, the now-convicted felon Aimee Bock.³⁹⁹
- One of these meeting attendees, Ikram Mohamad, pled guilty to wire fraud on March 20, 2026, for her central role in the Feeding Our Future scheme, defrauding the federal government millions of dollars and soliciting millions in kickbacks.⁴⁰⁰ Mohamed operated childcare centers in Minneapolis.⁴⁰¹ According to documents obtained in a

³⁹⁵ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 44 (Mar. 4, 2026).

³⁹⁶ Bill Glahn, *Ellison returns fraud-linked donations*, CENTER OF THE AMERICAN EXPERIMENT (Mar. 23, 2026).

³⁹⁷ See Letter from James Comer, Chairman, H. Comm. on Oversight and Gov't Reform, to Keith Ellison, Att'y Gen., State of Minnesota (Dec. 3, 2025).

³⁹⁸ *Id.*

³⁹⁹ Bill Glahn, *Famous Feeding Our Future video takes on new meaning*, CENTER OF THE AMERICAN EXPERIMENT (Apr. 17, 2025).

⁴⁰⁰ Press Release, U.S. Department of Justice, *Five More Plead Guilty in Minnesota Feeding Our Future Fraud Scheme* (Mar. 20, 2026).

⁴⁰¹ Bill Glahn, *First guilty pleas expected in Feeding Our Future case: Who are they?*, CENTER OF THE AMERICAN EXPERIMENT (Oct. 12, 2022).

Minnesota data request that were provided to the Committee, Ikram Mohamed was part of an organization named the Minnesota Minority Childcare Association (MMCA) that frequently met with the DHS Inspector General at the time, Carolyn Ham.⁴⁰²

*Summary of email dated May 23, 2017 from Mustafa Jumale of MMCA to Jim Koppel of DHS, obtained from a data request from Rep. Lisa Demuth dated March 4, 2019*⁴⁰³

AA. Email dated 5/23/17 from Mustafa Jumale (MMCA spokesperson) to Jim Koppel (DHS) provides names and contacts of MMCA members who will be at an upcoming DHS/MMCA meeting: Isaak Geedi, Farhan Yusuf, Osman Abdi, Saynab Hashi, and Ikram Mohamed. An email in the same string from a day earlier Jumale lists for Koppel five (5) centers (all redacted) that <i>"after many meetings with our members we believe...are committing fraud."</i> [This email contradicts DHS's official statement that they did not know whom from MMCA attended meetings with DHS]	Part 1 Data (1 of 2) (Fulfills Demuth 3/4/19 request for "any and all data, including but not limited to reports, memoranda, emails, texts, or letters relating to the Minnesota Minority Child Care Association, or MMCA".) (p82-83)
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- In his 2019 report to the Minnesota OLA, Jay Swanson, who at the time was the Manager of DHS's Recipient & Child Care Provider Investigation Unit, said that this organization was attempting to extort legitimate child care providers and estimated that half of the members of the organization were "clearly engaged in serious criminal activity."⁴⁰⁴ In 2017, DHS flagged concerns that the bank account of the owner of a child care center connected with the MMCA was frozen by the Office of Foreign Asset control due to the owner's association with the Taliban.⁴⁰⁵ Despite these concerns, DHS mailed this individual a check for \$24,000.⁴⁰⁶

⁴⁰² CCAP Data Practices Request Summary (Dec. 24, 2019), at 8 (on file with the Committee).

⁴⁰³ *Id.*

⁴⁰⁴ MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, CHILDCARE ASSISTANCE PROGRAM: ASSESSMENT OF FRAUD ALLEGATIONS, at appendix B-6 to B-7 (Mar. 2019).

⁴⁰⁵ CCAP Data Practices Request Summary (Dec. 24, 2019), at 6 (on file with the Committee).

⁴⁰⁶ *Id.*

Summary of email correspondence at DHS dated June 15, 2017, obtained from a data request from Rep. Lisa Demuth dated March 4, 2019⁴⁰⁷

L. Email dated 6/15/17 from Jay Swanson (OIG) to individuals in federal HHS Dept, Mike Backus (DPS), and various leaders in DHS (including Megan J Spear) details suspicious activity among child care centers. <i>"Within the last few days DHS sent an electronic payment to (REDACTED). We have been advised that the payment was kicked back by the subjects bank (don't have account info yet) due to the centers account being frozen by OFAC (Office of Foreign Asset Control). (REDACTED) it appears the owner of the child care center is associated with a TALIBAN official, which is why the account was ordered frozen. DHS is considering mailing a check for that amount to the child care center (assuming they don't receive a court order directing them to do otherwise). The amount is approx \$24,000."</i> Spear replies to this email on the next day (6/16) noting the suspected individual has 51 photos of the MMCCA grand opening posted on a redacted social media site. Also on 6/16 Spear notes that a redacted individual (likely the same mentioned above) is likely connected to yet another center and has visited Edmonton 11 times, Malaysia 2 times, Somalia 42 times and Kenya 33 times. [Note: We have followed up with DHS sources who confirm that this information was sent over to Federal HHS OIG agents, who were unable to confirm or deny the identity of the man in question. MN DHS did, in fact, mail the individual a check.]	Part 1 Data (1 of 2) (Fulfills Demuth 3/4/19 request for "any and all data, including but not limited to reports, memoranda, emails, texts, or letters relating to the Minnesota Minority Child Care Association, or MMCA".) (p88-90)
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- Significantly, around this time MMCA was represented by Mustafa Jumale, a former aide for then-Congressman Keith Ellison.⁴⁰⁸ Jumale was lobbying Governor Dayton's office to remove limits on CCAP dollars for dependents of center employees.⁴⁰⁹

⁴⁰⁷ *Id.*

⁴⁰⁸ *Id.* at 7.

⁴⁰⁹ *Id.*

Summary of email dated May 3, 2017 from Mustafa Jumale to Lauren Gilchrist, obtained from a data request from Rep. Lisa Demuth dated March 4, 2019⁴¹⁰

R. Email dated 5/3/17 from Mustafa Jumale (who appears to be a spokesperson/pseudo lobbyist for MMCA, a former aide for Congressman Keith Ellison, and president of khyresolutions.com a policy and advocacy organization for the East African community) to Lauren Gilchrist (Governor's office) objects to limitations on CCAP dollars for dependents of center employees and appeals for the Governor's help in blocking such legislation. Jumale also states <i>"Our centers are training ground for some of the most unemployable people in our State and we are concerned that many will not be able to find other employment."</i> Earlier in the email string Jumalee notes that the proposed legislation will mean the loss of work for 2,000 Somali-Americans daycare workers	Part 1 Data (1 of 2) (Fulfills Demuth 3/4/19 request for "any and all data, including but not limited to reports, memoranda, emails, texts, or letters relating to the Minnesota Minority Child Care Association, or MMCA".)(p58-59)
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- At the Committee's January 7, 2026, hearing, Minnesota State Representative Kristin Robbins, Chair of the Minnesota House Fraud Prevention and State Agency Oversight Policy Committee, testified that the Minnesota Minority Childcare Association had successfully lobbied DHS to kill efforts to lower the standard for the agency to disqualify a CCAP provider.⁴¹¹

⁴¹⁰ *Id.*

⁴¹¹ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part I: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 24 (Jan. 7, 2026) (see Appendix, at pg. 189 for testimony).

- In his sworn testimony before the Committee on March 4, 2026, in explaining why he took the December 2021 meeting with individuals associated with FOF, Attorney General Ellison tried to explain that he was just doing his job as an Attorney General to hear out concerns from constituents and how the fraudsters misrepresented their intentions to him.⁴¹² He also stated that the individuals at the December 2021 meeting contacted him to set up the meeting.⁴¹³

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II

Rep. Luna. If I could, just because I am limited on time, though, I want to see, and I understand what you are stating. You are saying that you were essentially lied to, but in responding to them, and the reason I am questioning on this is because I had the privilege of questioning some of your State legislators that were Republicans, and they did feel that both you and the Governor were covering up what was happening with the fraud. **So, I want to specifically just--who were you referencing when you said, "fight these people?" If you could, just keep it short.**

Mr. Ellison. Congresswoman –

Rep. Luna. Was that your own State?

Mr. Ellison. **Congresswoman, these people represented themselves to be business people who were having difficulty with the bureaucracy.**

Rep. Luna. Okay.

Mr. Ellison. **They contacted me and they wanted to know, you know, can you possibly help us. What I did is investigate their claims** and then worked with the Federal authorities to see 57 of them convicted of crimes –

Rep. Luna. Okay.

Mr. Ellison. -- and about, I think, more than 80 now indicted. **So, these people presented themselves as someone needing help and honest business people. They were not what they claimed to be –**

⁴¹² *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 88 (Mar. 4, 2026).

⁴¹³ *Id.*



- AG Ellison’s testimony before the Committee directly contradicts his initial statements to the media.⁴¹⁴ Specifically, AG Ellison told a reporter that he was originally set to meet with Imam Mohamed Omar and that to his surprise the other meeting attendees were in the room when he arrived.⁴¹⁵
- AG Ellison’s hearing testimony also contradicts what he testified before the Senate Committee on Homeland Security and Governmental Affairs in February. In his testimony before the Senate, Attorney General Ellison testified that non-Medicaid criminal cases must be referred to him by the Governor or county attorneys.⁴¹⁶ Notably, in his testimony before the Committee, Attorney General Ellison left out that Governor Walz can refer criminal cases to him, testifying that the Attorney General’s Office has jurisdiction over Medicaid fraud, but “[A]ny other kind of criminal case must be referred to [him] by county attorneys.”⁴¹⁷
- Attorney General Ellison was also unable to answer questions posed by Representative Tom Emmer, who serves as the House Majority Whip and represents Minnesota’s 6th Congressional District, about why he met with convicted fraudsters in December 2021 when it has been documented that the AG’s Office would have known about fraud in FOF-sponsored entities since April 2020.⁴¹⁸ AG Ellison was also meeting with FOF-affiliated providers when the State of Minnesota had been in active litigation with FOF since November 2020 and Attorney General Ellison was representing Minnesota in that lawsuit.⁴¹⁹

⁴¹⁴ Olson, *supra* n. 376.

⁴¹⁵ *Id.*

⁴¹⁶ *Oversight Hearing: A Hearing before the S. Comm. on Homeland Sec’y & Governmental Affairs*, 119th Cong. 2, at 2:11:10-2:11:22 (Feb. 12, 2026), available at <https://www.hsgac.senate.gov/hearings/oversight-hearing/>.

⁴¹⁷ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov’t Reform*, 119th Cong. 2, at 7 (Mar. 4, 2026) (statement of Hon. Keith Ellison, Att’y Gen’l, State of Minnesota).

⁴¹⁸ *Id.* at 42-43.

⁴¹⁹ Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at 99.

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II

Rep. Emmer. Ten months after you met with the Somali fraudsters, your office issued a press release stating, "Minnesota Attorney General Keith Ellison and his office have been deeply involved for 2 years in holding Feeding Our Future accountable." **So according to your office, sir, you have been deeply involved in the Feeding Our Future case since September of 2020. That actually sounds like you are saying that at the time of your infamous meeting with the Somali fraudsters, you were already aware of the allegations of fraud.** When you had this meeting in December 2021, did you know, sir, about the long-running FBI investigation into Feeding Our Future? Yes or no.

Mr. Ellison. Mr. Chairman, Representative Emmer –

Rep. Emmer. Reclaiming my time. When did you personally become aware of the FBI investigation? That is all I am asking.

Mr. Ellison. Representative Emmer, as you know, I have addressed this issue many times. I have –

Rep. Emmer. All right. Reclaiming my time. In that same meeting with the fraudsters, Mr. Attorney General, you took aim at the Minnesota Department of Education. You stated that the Minnesota Department of Education had fought the nonprofit in very disgusting ways, in a very racist, xenophobic, and Islamophobic manner. **You actually asked for the names of all these folks who are just hung up and offered to call the Minnesota Department of Education to "demand some explanations."** We now know that when you made these comments, the Biden DOJ was working with the Minnesota Department of Education and that their work exposed the massive fraud ring. Pretty bad look for you, sir. Either you were oblivious to what was going on under your nose, or worse, you were trying to obstruct the work of the Minnesota Department of Education.



- When asked about the recording of AG Ellison meeting with FOF fraudsters, Governor Walz claimed to not know anything about it and said that during the hearing was the first time he had heard it.⁴²⁰ This is hard to believe since the audio recording was entered into evidence during a criminal trial of an FOF defendant⁴²¹ and has been publicly reported in Minnesota mainstream news sources.⁴²² This recording was also a major issue discussed during the Committee's first hearing with Minnesota state legislators.⁴²³

⁴²⁰ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 82 (Mar. 4, 2026).

⁴²¹ Olson, *supra* n. 376.

⁴²² See, e.g., WCCO – CBS Minnesota, *Audio leak shows AG Ellison's vow to Feeding Our Future defendants*, YOUTUBE (Apr. 11, 2025).

⁴²³ See *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part I: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 82 (Jan. 7, 2026).

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II

- Rep. Burlison. It was a 54-minute conversation, and that the conversation was recorded as an audio file. There was a request to get that information. He can clearly be heard pledging his support to individuals who would soon become his family's campaign donors and later Feeding Our Future criminal defendants. The ask occurs around minute 43:30. Specifically, the request for him is in the AG's statutory role as the attorney for State agencies to intervene on behalf of these frauds. And at 44:26, Mr. Ellison assures the fraudsters, **"Of course, I am here to help,"** and at 45-minute mark, he says, **"Let's go fight these people,"** these people, meaning the agencies that were looking into the fraud. Have you listened to this audio?
- Governor Walz. **Today was the first time I have heard it. I am familiar with it, and I don't know if I can validate that characterization.**
- Rep. Burlison. If this is true, do you have concerns?
- Governor Walz. **I am not going to speculate. Like I said, I can't characterize what it was.**



Unclear if Governor Walz Fired Anyone

Governor Walz claimed that he fired state officials for their handling of fraud concerns. However, neither Governor Walz nor his Chief of Staff could specifically say who they fired.

- Only after public criticism that no one in the Walz Administration had been fired for how they've handled fraud and the federal government announced they were investigating Minnesota, Governor Walz proclaimed that "we've fired people who weren't doing their jobs."⁴²⁴ In his transcribed interview, Chris Schmitter, the Governor's Chief of Staff from January 2019 to October 2025, could not recall whether the Governor had fired an agency commissioner for their handling of reported fraud concerns. Interestingly, Mr. Schmitter acted like he did not understand this simple question of whether Governor Walz fired any of his appointed cabinet-level agency commissioners because of how they handled fraud concerns.⁴²⁵ Mr. Schmitter's testimony below suggests that Commissioner Jodi Harpstead may have been terminated by Governor Walz based on her handling of fraud at DHS, although both Mr. Schmitter and Governor Walz refused to specifically state for the record that an official was "fired."

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

Q. During your tenure at all, did he [Governor Walz] fire any commissioners for their handling of fraud?

A. **Say more about what you -- well, say more about what you mean by handling of fraud.**

Q. During your tenure, did Governor Walz fire a commissioner because he was displeased with their handling of fraud?

A. I mean, you know, I described earlier --

Witness Counsel. **Do you know what she's asking you?**

A. **No.**

Q. What part of my question do you not understand?

A. **It's the handling of fraud piece I mentioned earlier. What do you mean by that?**

⁴²⁴ KSTP 5 Eyewitness News, *Gov. Walz said he's 'fired' people over the fraud crisis. But who?*, YOUTUBE, at 0:35-0:41 (Jan. 6, 2026), available at <https://www.youtube.com/watch?v=R8kUTThWMJo>.

⁴²⁵ Transcribed Interview of Chris Schmitter, Former Chief of Staff, Office of Governor Tim Walz and Lt. Governor Peggy Flanagan, at 125-26 (Feb. 27, 2026).

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

(cont.)

Q. You mentioned earlier that there were some discussions about commissioners needing to be more aggressive when it came to handling fraud, that they needed to, you know, put more practices in place to prevent fraud. To your knowledge and during your tenure as Governor Walz' chief of staff, did he fire a commissioner for not being aggressive enough in combatting fraud?

A. Well, I think that what I described -- I think that we, for instance, with -- as an example -- **with Commissioner Harpstead, like I said earlier, came to the right result. Like, I think it was right for -- to have a focused conversation about what was needed at the agency and for her to make the decision to leave.**

Q. During your tenure as chief of staff, did Governor Walz fire a commissioner for any reason?

A. What we talked earlier about Mary Cathryn Ricker, and then, I mean, the -- you know, when the Governor was reelected, he also had to make a decision about whether to ask people to stay on, and so that was a point in which we could kind of assess performance and decide who would stay on into a second term.

Q. So during your tenure as chief of staff, yes, Governor Walz did fire commissioners?

A. I guess that's -- and maybe I'm sort of struggling with the firing. **We absolutely had commissioners leave, sometimes that was for performance. That is true. Or chose not to reappoint them.**



- At the hearing, Governor Walz refused to name who he supposedly fired for their handling of fraud and stated that appointed officials simply “stepped away” which is different than the claims he made about firing agency appointees during a January 5,

2026, press conference.⁴²⁶ Governor Walz still refused to specifically name who he fired in Questions for the Record following the hearing.⁴²⁷ Someone isn't telling the truth because Governor Walz's Commissioners Tony Lourey, Jodi Harpstead, and Mary Cathryn Ricker all testified that they were not fired nor asked to resign.⁴²⁸

Oversight of Fraud and Misuse of Federal Funds in Minnesota Part II

Rep. Burlison.	Last week you stated to the press that you have fired people who weren't doing their jobs. Is that correct?
Governor Walz.	What I stated was is that people have been put into new positions --
Rep. Burlison.	Okay.
Governor Walz.	-- that we removed people from positions.
Rep. Burlison.	So, you did not fire anyone?
Governor Walz.	People stepped away.
Rep. Burlison.	People just shuffled the decks on the Titanic.
Governor Walz.	I think they left. They left State government.
Rep. Burlison.	Okay. All right. Thank you, Mr. Chairman. I yield back.

⁴²⁶ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 83 (Mar. 4, 2026); and KSTP 5 Eyewitness News, *Gov. Walz said he's 'fired' people over the fraud crisis. But who?*, YOUTUBE, at 0:35-0:41 (Jan. 6, 2026), available at <https://www.youtube.com/watch?v=R8kUTThWMJo>.

⁴²⁷ Letter from Tim Walz, Governor, State of Minnesota, to James Comer, Chairman, H. Comm. on Oversight & Gov't Reform (Apr. 2, 2026) (on file with the Committee).

⁴²⁸ Transcribed Interview of Tony Lourey, Former Comm'r, Minnesota Dep't of Hum. Services, at 72-73 (Feb. 6, 2026); Transcribed Interview of Jodi Harpstead, Former Comm'r, Minnesota Dep't of Hum. Services, at 136 (Feb. 23, 2026); and Transcribed Interview of Mary Cathryn Ricker, Former Comm'r, Minnesota Dep't of Educ., at 101-03 (Feb. 5, 2026).



- DHS Chief Financial Officer Dave Greeman also denied being fired or asked to resign.⁴²⁹ DHS Assistant Commissioner Eric Grumdahl admitted that he was terminated, but he claims that it was not for his handling of fraud. Mr. Grumdahl instead claimed the Governor’s Office had a problem with his “relationship management with some stakeholders.”⁴³⁰
- While Commissioner Harpstead claims she was not fired nor asked to resign, Ms. Harpstead testified that she did not think she was fit to be the Commissioner to handle the widespread fraud in the agency.⁴³¹ This means that as DHS Commissioner, Ms. Harpstead, who was hired to restore trust due to fraud at the agency,⁴³² knew of fraud concerns since 2019 and was reporting them to the Governor and AG’s Office as well,⁴³³ but ultimately decided nearly six years later, in February 2025, that she could not handle cleaning up the fraud once the federal government got involved and put pressure on the Walz Administration. Harpstead also denied the public reporting that she was under a lot of scrutiny for her handling of fraud at DHS around the time of her departure.⁴³⁴

⁴²⁹ Transcribed Interview of Dave Greeman, Former Chief Fin. Officer, Minnesota Dep’t of Hum. Services, at 90 (Feb. 9, 2026).

⁴³⁰ Transcribed Interview of Eric Grumdahl, Former Assistant Comm’r, Minnesota Dep’t of Hum. Services, at 149-150 (Feb. 12, 2026).

⁴³¹ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 133 (Feb. 23, 2026).

⁴³² CBS Minnesota, *Gov. Walz Taps Jodi Harpstead To Be Commissioner Of Human Services*, CBS NEWS (Aug. 12, 2019); *Jodi Harpstead, Commissioner, Minnesota Department of Human Services*, TWIN CITIES BUS. (last visited May 29, 2026), available at <https://tcbmag.com/tcb-100-people/jodi-harpstead/>.

⁴³³ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 19 (Feb. 23, 2026).

⁴³⁴ *Id.* at 133 (see Appendix, at pg. 190 for testimony); see also *Id.* at 136.

Finding #4. Minnesota Agencies Abdicated Responsibility and Lacked Accountability.

MDE Leadership Incompetence

As MDE Commissioner, Mary Cathryn Ricker claimed to know very little about Feeding Our Future and the federal child nutrition programs that MDE administered. Commissioner Ricker was either untruthful in her testimony or was severely incompetent in her role as MDE Commissioner.

- During Mary Cathryn Ricker’s transcribed interview, she projected herself as generally not aware of many details about the FOF case during her time as Commissioner of MDE. It appeared that she gleaned much of the knowledge that informed her testimony from information she had reviewed after the fact, including the OLA Report released in June 2024.⁴³⁵
- Former MDE Commissioner Ricker testified that she actually “learned a lot from the OLA report,”⁴³⁶ including her belief that the report accurately characterized MDE’s response to the FOF scheme.⁴³⁷ Released over three years after Commissioner Ricker left MDE, the OLA’s report was highly critical of MDE’s response to FOF, largely during her time as Commissioner.⁴³⁸ Ricker testified that she believed the OLA’s report was “fair,” so the former MDE Commissioner even says that MDE was ill-prepared to deal with FOF and did not take adequate steps to prevent fraud.⁴³⁹ This is noteworthy because both Emily Honer and Daron Korte strongly disagreed with the OLA’s assessment, claiming that MDE had acted properly in dealing with fraud associated with FOF and its affiliated entities.⁴⁴⁰

⁴³⁵ See, e.g., Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16.

⁴³⁶ Transcribed Interview of Mary Cathryn Ricker, Former Comm’r, Minnesota Dep’t of Educ., at 106 (Feb. 5, 2026).

⁴³⁷ *Id.* at 78-79.

⁴³⁸ Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16, at cover letter.

⁴³⁹ Transcribed Interview of Mary Cathryn Ricker, Former Comm’r, Minnesota Dep’t of Educ., at 78-79 (Feb. 5, 2026).

⁴⁴⁰ Transcribed Interview of Emily Honer, Dir. of Nutrition Program Services, Minnesota Dep’t of Educ., at 44 (Jan. 29, 2026); Transcribed Interview of Daron Korte, Assistant Comm’r, Minnesota Dep’t of Educ., at 70-71 (Feb. 3, 2026).

Former MDE Commissioner Mary Cathyn Ricker (February 5, 2026)

Q. The OLA report went on to explain how MDE allowed the fraud. We're specifically -- specifically looking at the three bullet points. **It says, In relation to Feeding Our Future, MDE, one, failed to act on warning signs known to the department prior to the onset of the COVID-19 pandemic and prior to the start of the alleged fraud; two, did not effectively exercise its authority to hold Feeding Our Future accountable to program requirements; and three, was ill-prepared to respond to issues encountered with Feeding Our Future.** Do you agree with the legislative auditor's characterization?

A. I appreciate the Legislative Auditor's work. I appreciate their report. I appreciated their work when I was Commissioner. This opportunity to, like, use the benefit of hindsight to determine where we could have been better as a way of figuring out how to improve things in the future I think is a valuable asset of the whole Office of the Legislative Auditor.

...
Q. Well, the findings from the cover letter.

A. Okay. The findings from the cover letter. **I feel like the Office of Legislative Auditor's report is fair.**

...

Q. And just to put -- just to go off of what my colleague just said, **it sounds as though any concerns you might have about fraud prevention at MDE are based primarily on the OLA report, not your time as Commissioner and what you saw there at that time.** Is that correct?

A. I think -- I mean, **I think I learned a lot from the OLA report.**

- Based on her reading of the OLA report, former Commissioner Ricker testified that she now believed that self-attestation was a weakness for preventing fraud. Ricker testified that she was not aware of MDE relying on self-attestation during her time as Commissioner.⁴⁴¹ It is concerning that Commissioner Ricker did not have contemporaneous knowledge that MDE allowed providers to use self-attestation in the federal nutrition programs that she was responsible for administering during her tenure.
- Former Commissioner Ricker was also unaware that FOF was receiving reimbursements from MDE despite the organization not having dedicated accounting or financial staff. She testified that FOF's lack of dedicated accounting or financial staff would have been a red flag for fraud if she had known about it at the time.⁴⁴²

⁴⁴¹ Transcribed Interview of Mary Cathryn Ricker, Former Comm'r, Minnesota Dep't of Educ., at 71-72 (Feb. 5, 2026).

⁴⁴² *Id.* at 96.

- In all, former Commissioner Ricker said she did not know, did not recall, did not remember, or a variation thereof approximately 167 times in her transcribed interview.⁴⁴³ It is concerning that the head of a major cabinet agency appointed by Governor Walz had such little knowledge about the operations of the agency she was tasked with overseeing.

⁴⁴³ *See generally*, Transcribed Interview of Mary Cathryn Ricker, Former Comm'r, Minnesota Dep't of Educ. (Feb. 5, 2026).

DHS Leadership Abdicated Responsibility

High-level, Walz-appointed, DHS officials consistently “passed the buck” and abdicated responsibility for investigating fraud or having any knowledge about fraud in DHS federally funded programs, pointing to the Office of Inspector General (OIG) or the Division of Internal Audit (DIA) as the responsible entities. However, both the OIG and DIA were direct reports to the DHS Commissioner, who is appointed by Governor Walz.

- When Committee staff questioned former Assistant DHS Commissioner Grumdahl about recent guilty pleas related to fraud in the HSS program that federal prosecutors have characterized as “fraud tourism,”⁴⁴⁴ he deflected knowledge by pointing to the Office of Inspector General and the DHS fraud hotline.⁴⁴⁵ The U.S. Department of Justice has reported that fraudsters are aware that it is so easy to get away with committing fraud in Minnesota’s social services programs that criminals are travelling there for the sole purpose of cashing in on the Medicaid fraud and stealing from programs that receive federal funds.⁴⁴⁶
- Former DHS Commissioner Jodi Harpstead stated that fraud in the CCAP program was resolved prior to her appointment.⁴⁴⁷ Ms. Harpstead testified that former Deputy Commissioner Chuck Johnson, who oversaw the DHS OIG, told her that “there had been some fraud, and there was a process that they went through and took care of it, cleaned it up, and done.”⁴⁴⁸ She also testified that she did not receive reports about DHS OIG CCAP investigations and that the “more recent things” in the newspaper didn’t happen during her tenure.⁴⁴⁹
- Former Commissioner Harpstead’s testimony was untrue and directly contradicted by multiple sources, including DHS emails obtained by the Committee which demonstrate that Ms. Harpstead was aware of CCAP investigations,⁴⁵⁰ including an investigation into Quality Learning Center, the subject of recent news reporting.⁴⁵¹ Her testimony is also

⁴⁴⁴ Press Release, U.S. Department of Justice, Fraud Tourists Plead Guilty to Minneapolis Medicaid Fraud (Feb. 10, 2026).

⁴⁴⁵ Transcribed Interview of Eric Grumdahl, Former Assistant Comm’r, Minnesota Dep’t of Hum. Services, at 136-37 (Feb. 12, 2026) (see Appendix, at pg. 191 for testimony).

⁴⁴⁶ Press Release, U.S. Department of Justice, Fraud Tourists Plead Guilty to Minneapolis Medicaid Fraud (Feb. 10, 2026).

⁴⁴⁷ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 87-88 (Feb. 23, 2026).

⁴⁴⁸ *Id.* at 87.

⁴⁴⁹ *Id.* at 87-88.

⁴⁵⁰ Email from Sarah Berg, Deputy Communications Director, Minnesota Dep’t of Hum. Services (Jan. 29, 2025) (on file with the Committee).

⁴⁵¹ Nick Shirley, *I Investigated Minnesota’s Billion Dollar Fraud Scandal*, YouTube (Dec. 26, 2025), available at <https://www.youtube.com/watch?v=r8AulCA1aOQ>.

contradicted by KTSP news reporting in January 2025 which revealed that the DHS OIG had 62 open investigations into CCAP day care centers across the state.⁴⁵²

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. So did anyone in the Governor's office or the Governor himself tell you or brief you about CCAP when you took your role as DHS commissioner?

A. No. I probably got that story mostly from our deputy commissioner.

Q. And what deputy commissioner?

A. Chuck Johnson who'd been there before me.

Q. And what did Chuck tell you about CCAP when you assumed your role as DHS commissioner?

A. **That there had been some fraud, and there was a process that they went through and took care of it, cleaned it up, and done.**

Q. **So during your entire tenure as DHS commissioner, are you aware of any actions the DHS took to address CCAP fraud?**

A. **Not specifically. There may have been specific providers that our OIG's office dealt with. The more recent things that I'm seeing in the newspaper about CCAP didn't happen while I was there, or the discussion public discussion of them did not happen while I was there.**

Q. **Did you receive any reports from the OIG's office, from Chuck Johnson, or his replacement, about investigations that the DHS OIG had opened with respect to CCAP?**

A. **No.**

Q. **And if the DHS OIG was, in fact, conducting investigations into CCAP, would you have known?**

A. **Not necessarily. I dealt with one or two providers or something.**

- Significantly, some of these day care centers were “receiving millions of dollars in CCAP money even though they had repeat violations, many of them which could threaten the

⁴⁵² Jay Kolls, *62 investigations underway involving federally-funded Minnesota child care centers*, KSTP (Jan. 28, 2025).

health and safety of children, over multiple years.”⁴⁵³ KTSP highlighted one investigation into Quality Learning Center (famously also known as “Quality Learning Center,” as highlighted by Nick Shirley’s reporting), an entity that received \$7.8 million in federal funds despite having 95 violations between 2019 and 2023.⁴⁵⁴ Recent public reporting about CCAP providers has revealed that significant fraud concerns are still present.⁴⁵⁵

- Representative Kristin Robbins reported that when she asked then-DHS Commissioner Jodi Harpstead about DHS’s open CCAP investigations and the recent news reporting about those investigations at a January 29, 2025, meeting, Harpstead “seemed surprised as did her Gov’t Relations staffer.”⁴⁵⁶ Ms. Harpstead’s staffer then started searching for the story online as it appeared that Rep. Robbins had “either told or showed them the press release put out by their own Department.”⁴⁵⁷
- According to DHS emails obtained by the Committee, former Commissioner Harpstead was aware of DHS’s 62 open CCAP investigations and was regularly briefed about DHS investigative work.⁴⁵⁸ Harpstead announced her resignation on January 13, 2025, with her final day set to be on February 3, 2025.⁴⁵⁹

From: Kolls, Jay [REDACTED]

Sent: Wednesday, January 29, 2025 4:27:44 PM

To: Berg, Sarah (She/Her/Hers) (DHS) [REDACTED]

Subject: Channel 5

This message may be from an external email source.

Do not select links or open attachments unless verified. Report all suspicious emails to Minnesota IT Services Security Operations Center.

Hi, Sarah. Rep. Robbins said on camera today that she had a meeting with Commissioner Harpstead earlier today. Robbins also said the Commissioner was “unaware of my story and the 62 investigations.” Just wanted to make sure that was accurate. Was the Commissioner unaware of our story and the investigations? Thanks. Jay.

Get [Outlook for iOS](#)

⁴⁵³ *Id.*

⁴⁵⁴ *Id.*; see also Nick Shirley, *I Investigated Minnesota’s Billion Dollar Fraud Scandal*, YOUTUBE (Dec. 26, 2025), available at <https://www.youtube.com/watch?v=r8AulCA1aOQ>.

⁴⁵⁵ See, e.g., Olivia Prondzinski, *Federal audit finds flaws in Minnesota Child Care Assistance Program attendance reporting*, KTTC (Jan. 1, 2026).

⁴⁵⁶ Email from Rep. Kristin Robbins, Chairwoman, Minnesota House Fraud Prevention and State Agency Oversight Policy Committee (Apr. 10, 2026) (on file with the Committee).

⁴⁵⁷ *Id.* (see Appendix, at pg. 192-93 for exhibit - screenshot of email from Rep. Robbins).

⁴⁵⁸ Email from Sarah Berg, Deputy Communications Director, Minnesota Dep’t of Hum. Services (Jan. 29, 2025) (on file with the Committee).

⁴⁵⁹ Press Release, Office of Governor Tim Walz & Lt. Governor Peggy Flanagan, Governor Walz Announces Department of Human Services Commissioner Jodi Harpstead Stepping Down on February 3 (Jan. 13, 2025).

From: Berg, Sarah (She/Her/Hers) (DHS) <[REDACTED]>
Sent: Wednesday, January 29, 2025 8:51 PM
To: Kolls, Jay <[REDACTED]>
Subject: Re: Channel 5

[External email – use care when clicking on links or attachments]

Hi Jay -

Here's a response to your question, for attribution to the department:

"Commissioner Harpstead was aware of this story and the 62 active investigations related to Minnesota's Child Care Assistance Program. She is regularly briefed on the status of investigative work being done by DHS, including 4,000 investigations over the past five years resulting in stopped payments to 750 entities."

That's referring to Medicaid and CCAP investigations.

Sarah Berg
Deputy Communications Director
Minnesota Department of Human Services
Office: [REDACTED]
Cell: [REDACTED]
Pronouns: she/her/hers

- Former DHS Commissioner Harpstead also denied any substantive knowledge about a tipline housed in the Office of Inspector General.⁴⁶⁰ This allowed former Commissioner Harpstead to point at DHS Deputy Director Chuck Johnson for her failure to recall or act on tips about fraud or program integrity throughout her tenure.⁴⁶¹
- Then-Temporary Commissioner Shireen Ghandi also attempted to blame her oversight and program integrity failures on the hotline in the Office of the Inspector General.⁴⁶²

⁴⁶⁰ Transcribed Interview of Jodi Harpstead, Former Comm'r, Minnesota Dep't of Hum. Services, at 54-55 (Feb. 23, 2026).

⁴⁶¹ *Id.* (see Appendix, at pg. 194 for testimony).

⁴⁶² Transcribed Interview of Shireen Gandhi, then-Temporary Comm'r, Minnesota Dep't of Hum. Services, at 45-46 (Feb. 17, 2026) (see Appendix, at pg. 195 for testimony).

DHS Leadership Misleading Testimony

DHS leadership agreed that it was inappropriate for Former Commissioner Jodi Harpstead to testify to the Minnesota State Legislature in January 2025 that there are more rumors of fraud than actual fraud.

- In her transcribed interview, former DHS Commissioner Jodi Harpstead tried to qualify her testimony before the Minnesota State Legislature that she meant that there were more rumors of fraud than actual “documented” fraud.⁴⁶³

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Do you remember testimony before the Minnesota Senate in January of '25?

A. Not specifically.

Q. Do you remember any sort of testimony that you would have gave regarding concerns about misuse of funds or program integrity within DHS programs around that time?

A. Yes. Yes, I do remember that.

Q. So you do remember. Okay. Do you recall stating there were more rumors of fraud than confirmed fraud in DHS programs?

A. Yes.

Q Could you explain that statement?

A. The year before we had been through the Feeding Our Future examination and found no fraud in DHS. We had started our site visits to the EIDBI providers starting with a high-risk cohort, which would have been the providers that did both EIDBI and child care, thinking that was the highest risk, and had found mostly some licensing violations, not widespread fraud. But we had turned several over to investigation, not just site visit, to see if there was more to find there. And we had had some reporters stopping by providers suggesting they didn't see people walking into those buildings. We went and examined all of those and found them parking in the wrong parking place and trying to check out a provider that had moved and things like that. **So there were -- right then in that moment is what I meant -- there were a lot more rumors of fraud than there was actual documented fraud happening around us.**

⁴⁶³ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 107-08 (Feb. 23, 2026).

- Former Commissioner Harpstead tried to claim that in January 2025, widespread fraud had yet to be uncovered, but the Committee received testimony from former DHS Commissioner Tony Lourey that DHS was aware of widespread fraud back in 2019.⁴⁶⁴ While Harpstead did not completely walk back her statement before the Minnesota Legislature, she agrees that it was “possibly” misleading and says she should have qualified her statement.⁴⁶⁵ The Committee’s investigation shows that Commissioner Harpstead’s remarks dismissing legitimate reports of fraud occurring in these programs are indicative of a wider attitude of indifference towards fraud within the Walz Administration.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. As the commissioner of DHS, do you see how that's misleading?

A. To say that?

Q. Uh-huh.

A. Possibly.

Q. I mean, as the top administrator in the largest cabinet agency, do you see how that could be problematic, telling the legislature that?

A. Maybe. They know how this law works, too.

Q. **If you were in the same position, let's say you were still commissioner and you had the opportunity to testify, would you still say the same thing?**

A. **I would at least have said documented evidence of fraud.**

Q. **But when over a hundred people have been charged in schemes across DHS, Feeding Our Future, but you see how that's misleading to say that to the legislature?**

A. **Possibly.**

⁴⁶⁴ Transcribed Interview of Tony Lourey, Former Comm’r, Minnesota Dep’t of Hum. Services, at 31-33 (Feb. 6, 2026).

⁴⁶⁵ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t Hum. Services, at 108-09 (Feb. 23, 2026).

- Instead of agreeing that Former Commissioner Harpstead was wrong in her statement, then-Temporary Commissioner Gandhi blamed “vague allegations” as the reason why Harpstead said that there are more rumors of fraud than actual fraud in her testimony.⁴⁶⁶ That is concerning because Ms. Gandhi appears to be suggesting that widespread fraud was only uncovered in 2025, when in fact the Committee received testimony that the Walz Administration knew about fraud back in 2019.⁴⁶⁷

⁴⁶⁶ Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 139 (Feb. 17, 2026) (*see* Appendix, at pg. 196 for testimony).

⁴⁶⁷ Transcribed Interview of Tony Lourey, Former Comm’r, Minnesota Dep’t of Hum. Services, at 31-33 (Feb. 6, 2026).

Finding #5. Retaliation and Suppression of Whistleblowers Undermined Fraud Reporting.

MDE and DHS Retaliation Against Whistleblowers

Whistleblowers experienced retaliation for reporting waste, fraud, and abuse.

A MDE whistleblower who raised concerns to the FBI told federal investigators that she was “hand slapped” by management for looking into fraud.

Whistleblowers were concerned that when they reported fraud concerns to the DHS Office of Internal Audit or the DHS OIG, it would automatically go to the DHS Commissioner or Human Resources who would then retaliate against these employees.

- An MDE official who first contacted the FBI about Feeding Our Future told federal investigators that her superiors pressured her to stop looking into fraud concerns “at every turn,” and that she got her “hand slapped” for continuing to investigate.⁴⁶⁸
- She also told the FBI that she was, “told by management at MDE to stop digging into things because it will appear as if she was targeting certain groups.”⁴⁶⁹
- Dozens of whistleblowers reported that they were told not to say anything about the fraud in DHS programs because they would be called “racist” or “Islamophobic,” or that it would hurt the state.⁴⁷⁰
- Whistleblowers within DHS have alleged that Governor Walz not only knew about this fraud, but that he retaliated against whistleblowers, “spen[ding] millions on surveilling staff and hiring private investigator (sic) or law firms to silence staff.”⁴⁷¹ Then-Temporary Commissioner Shireen Gandhi confirmed in her testimony that DHS used outside entities to investigate DHS staff.⁴⁷² Ms. Gandhi testified that she did not know whether DHS used outside law firms to investigate employees.⁴⁷³
- Former Commissioner Harpstead testified at first that she did not believe that DHS used outside entities to investigate employees, but later said DHS used outside HR firms to

⁴⁶⁸ Jeffrey Meitrodt, ‘An open secret’: New records reveal officials failed to act on fraud warnings, MINNESOTA STAR TRIBUNE (May 17, 2026).

⁴⁶⁹ *Id.*

⁴⁷⁰ Eric Daugherty (@EricLDaugh), X, (Dec. 30, 2025, 2:46 PM), available at <https://x.com/EricLDaugh/status/2006089448409157860>.

⁴⁷¹ Minnesota Staff Fraud Reporting Commentary (@Minnesota_DHS), X, (Dec. 31, 2025, 12:17 PM), available at https://x.com/Minnesota_DHS/status/2006414535486320779.

⁴⁷² Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 136-37 (Feb. 17, 2026).

⁴⁷³ *Id.* at 136-37 (see Appendix, at pg. 197 for testimony).

investigate employees but did not recall using any outside law firms.⁴⁷⁴ While Commissioner Harpstead claims that she does not know who HR hired to investigate employees, Harpstead testified that HR reported to her Deputy Commissioners Shireen Gandhi and Nikki Farrago at the time who would have ultimately reported to Ms. Harpstead as the Commissioner of the agency.⁴⁷⁵

- Then-Temporary Commissioner Shireen Gandhi confirmed in her testimony whistleblower reports that DHS upper management would regularly meet, or “check-in,” with employees who have reported fraud concerns.⁴⁷⁶ Ms. Gandhi testified that she continued these check-ins with Ms. Faye Bernstein, a DHS whistleblower who has alleged the agency retaliated against her for reporting fraud, for another “year or two” following Bernstein’s investigatory leave.⁴⁷⁷
- Ms. Bernstein stated that Shireen Gandhi was her “minder” and that when she raised concerns about fraud, she was brought into a meeting with Ms. Gandhi, “shamed...and then excluded from further meetings on the topic.”⁴⁷⁸ When asked about Ms. Bernstein’s claims that she faced retaliation for reporting fraud, then-Commissioner Gandhi was dismissive, stating that, “generally, people are – the minute they report something, they are – they are very sensitive, and anything can be perceived as retaliation.”⁴⁷⁹



- Then-Temporary Commissioner Gandhi testified that Ms. Bernstein was moved under her supervision (while Ms. Gandhi served as Chief Compliance Officer) after an investigatory leave into Ms. Bernstein’s conduct.⁴⁸⁰ Ms. Gandhi claimed that Ms. Bernstein was being “disruptive” and was investigated by HR for sending an email to the Behavioral Health Division “raising concerns about grant-making and upsetting staff by

⁴⁷⁴ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 129-30 (Feb. 23, 2026) (see Appendix, at pg. 198 for testimony).

⁴⁷⁵ *Id.* at 51-52.

⁴⁷⁶ Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 119-20 (Feb. 17, 2026) (see Appendix, at pg. 199 for testimony).

⁴⁷⁷ *Id.* at 122.

⁴⁷⁸ Faye Bernstein (@BernsteinFaye), X, (Mar. 22, 2025, 10:33 PM), available at <https://x.com/BernsteinFaye/status/1903636294124847231>.

⁴⁷⁹ Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 124 (Feb. 17, 2026).

⁴⁸⁰ *Id.* at 119-121.

the way that she was doing it, and creating a very difficult work environment.”⁴⁸¹ Then-Commissioner Gandhi testified that she did not have much first-hand knowledge of Ms. Bernstein’s “disruptive” behavior outside of an email Ms. Bernstein sent to the Behavioral Health Division in July 2019 reporting that she was “aware of substandard and noncompliant contracts approved by management to go out the door, putting DHS funds at risk.”⁴⁸² It is highly concerning that DHS upper management would dismiss reports about contract noncompliance as behavior that is “disruptive” and in turn put an employee on investigative leave for bringing up those concerns.⁴⁸³

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. What is your knowledge of that?

A. That there were -- that **she was raising concerns about grant-making and upsetting staff by the way that she was doing it, and creating a very difficult work environment.** So at the time, it's my understanding that people were complain- -- there were a lot of complaints flying around about everybody. People were complaining that certain things were Faye's fault. Faye was complaining that certain things were other people's fault. And HR did not know who was doing what, and so, launched investigations into a number of people, including Faye, to figure out what was happening. And she was put -- **it's my understanding that she was put on investigatory leave because of how she was handling herself in the workplace, which was disruptive.**

Q. Do you have any knowledge of that disruptive behavior?

A. **I did see -- I don't have a lot of firsthand knowledge other than an email -- yeah, other than an email, and then, you know, people saying that it was disruptive -- not the email, but her behavior was disruptive.**

- While then-Temporary Commissioner Gandhi testified that she met with employees who reported concerns of fraud, but Former Commissioner Jodi Harpstead said she never had meetings with employees who reported fraud concerns to DHS management.⁴⁸⁴

⁴⁸¹ *Id.* at 121.

⁴⁸² Dave Orrick, *DHS administrator says she was retaliated against for calling out 'serious non-compliance' with state contracts*, PIONEER PRESS (updated July 23, 2019).

⁴⁸³ Transcribed Interview of Shireen Gandhi, then-Temporary Comm’r, Minnesota Dep’t of Hum. Services, at 121 (Feb. 17, 2026).

⁴⁸⁴ Transcribed Interview of Jodi Harpstead, Former Comm’r, Minnesota Dep’t of Hum. Services, at 125-26 (Feb. 23, 2026) (*see* Appendix, at pg. 200 for testimony).

- Former Commissioner Harpstead’s testimony that she never met with individual employees who reported fraud is concerning.⁴⁸⁵ Ms. Harpstead also testified that she never held an agency or department-wide meeting with DHS employees to discuss fraud.⁴⁸⁶ This directly contradicts reports from whistleblowers to the Legislative Auditor saying that Jodi Harpstead hosted a division-wide meeting and announced that employees would be punished if they reported concerns about fraud in DHS programs.⁴⁸⁷

⁴⁸⁵ *Id.*

⁴⁸⁶ *Id.* at 128 (*see* Appendix, at pg. 201 for testimony).

⁴⁸⁷ Email from Concerned BHD Employees to Judy Randall, Minnesota Legislative Auditor (Mar. 5, 2023) (on file with the Committee).

Sent: Sunday, March 5, 2023 2:39:16 PM
To: Randall, Judy (OLA) [REDACTED]
Subject: Further Workplace Retaliation at DHS

This message may be from an external email source.

Do not select links or open attachments unless verified. Report all suspicious emails to Minnesota IT Services Security Operations Center.

Dear Judy,

Thank You again for investigating our concerns regarding workplace safety and retaliation at our agency, DHS and Behavioral Health Division. Retaliation is one of the most serious workplace concerns we have as it has been a pervasive issue that has not been addressed in the many years it has been brought to light. As even our previous director, Maisha Giles, has cited retaliation has broken down the trust, ability to cooperate with and destroyed our ability to work with one another in an effective manner within our division and agency.

Several weeks ago, we had a most unusual meeting that was hosted by the commissioner, Jodi Harpstead and BHDH leadership. The meeting lasted all of four minutes and shared the topic of punishment and discipline of employees who raise concerns about our workplace. Many employees viewed this meeting as being very abrupt and awkwardly handled. Most concerning, we viewed the meeting as a veiled threat to our division and blatant retaliation.

Thereafter, it was followed by a letter (attached to this email) that implies that any employee who does not agree with the contents of the letter, are responsible for creating a hostile workplace environment. The letter essentially claims that any concerns and emails that have been critical of or have questioned our administration leadership is considered to be "harassment" and that we need to agree with the contents of the letter with voices of support. It must be noted that we, Concerned BHD Employees, are not the only group of employees who have written emails that have raised concern about the management of our administration.

When a letter like this is circulated, it creates for an environment that:

- Is coercive and accusatory of innocent employees who have not sent harassing messages to leadership

- Fosters an environment of fear and finger pointing
- Creates for a thinly veiled attempt at potential retaliation and repercussion
- Is attempting to silence voices who have raised legitimate concerns
- Defames the nature of employee concerns and "criminalizes" anyone who disagrees

This passage is most concerning: "Rather than focus on the actions of someone who chooses to remain "anonymous" (which literally implicates everyone in BHD), we are offering our "public" support for the victims of this harassment."

- For the authors of the attached message (Julie Pearson and her team) to claim that ALL of BHD is writing harassing emails is woefully unacceptable. This is a threat to employees with the lingering feeling that one of us can be retaliated against and for them to request our support of their inappropriate and malign letter is a greatly disrespectful.
- We must also note that the authors of the letter have chosen to remain anonymous (as you can see from how it is signed) which speaks to the serious retaliation that staff face in this division
- It needs be understood that none of our emails were defamatory in any way shape or form, rather we are raising legitimate concerns and issues that affect the responsible governance of our administration. For the authors to accuse our messages and others of defamation and/or harassment speaks to their lack of understanding of the great depth of issues we face in our administration.

We kindly ask that you review the attached letter that we sent out from BHD leadership (Julie Pearson) and consider the implications of retaliation it conveys and provide us with protection from the destructive effects it has caused.

Of late, many employees have felt unsafe with the administration-wide issuance of the attached letter, with employees considering leaving, some employees seeking "EAP life-matters" support due to feeling threatened and feelings that our jobs are being threatened at any time.

This is not an acceptable message to send to professional employees and we hope you can help address this matter.

Thank You,
Concerned BHD Employees

- DHS whistleblowers were concerned that DHS leadership was surveilling them in retaliation for raising concerns about fraud, and that one particular leader, Emmanuel Nwala, sought to utilize military intelligence connections to find the exact locations of whistleblowers.⁴⁸⁸

Leaders,

See below. This is an email that have been going around since I got here from week 2 and has not said anything nice about me. It can be tracked since it comes into DHS server. I have kept a record of all these emails.

I completed a quick search a while back from when I was only two weeks here and was able to track the IP addresses for the email but currently don't have the app to track specific location. I wanted to reach out to my colleagues that I did intelligence research with in the Army and give them the IP addresses and the email address to track to specific location but was asked by upper leadership to hold off as they are doing their own thing on it.

The email violets respectful work environment and creates toxic work environment. It is not a professional way of confronting issues.

Just sharing as FYI

Thank you

Very respectfully

Emmanuel Nwala, PhD

Interim Deputy Assistant Commissioner for Operations | BHDH Administration

Minnesota Department of Human Services

Work Cell: [REDACTED]

mn.gov/dhs

 DEPARTMENT OF
HUMAN SERVICES



- Former Assistant Commissioner Grumdahl confirmed that a member of his team, Emmanuel Nwala, had sent an email about wanting to surveil DHS employees who were critical of department leadership's handling of fraud reports.⁴⁸⁹

⁴⁸⁸ Minnesota Staff Fraud Reporting Commentary (@Minnesota_DHS), X, (Feb. 8, 2025, 3:02 PM), available at https://x.com/Minnesota_DHS/status/1888317446362181897.

⁴⁸⁹ Transcribed Interview of Eric Grumdahl, Former Assistant Comm'r, Minnesota Dep't of Hum. Services, at 108-11 (Feb. 12, 2026) (see Appendix, at pg. 202 for testimony).

- DHS whistleblowers also alleged that because they chose to report fraud, DHS investigators took photos of their cars, homes, monitored their computers and phones, and sought to gain personal information about which schools their kids attended.⁴⁹⁰ They also alleged that DHS would refuse promotion opportunities for individuals who reported fraud.⁴⁹¹
- At the hearing, Governor Walz testified that he was not familiar with DHS employees threatening employees with military surveillance or having their personal belongings tracked, but he agrees that such behavior is intimidation and would be inappropriate.⁴⁹²

⁴⁹⁰ Minnesota Staff Fraud Reporting Commentary (@Minnesota_DHS), X, (Sept. 18, 2025, 3:39 PM), *available at* https://x.com/Minnesota_DHS/status/1968761743980875936.

⁴⁹¹ *Id.*

⁴⁹² *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 86-87 (Mar. 4, 2026).

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II

Rep. McGuire. Governor Walz, yes or no, are you aware of any instances of employees in Minnesota's Department of Human Services being threatened and intimidated with military surveillance to ensure they stay quiet about fraud?

Governor Walz. **I am not.**

Rep. McGuire. This is a picture of an email from Emmanuel Nwala, the DHS manager, who has since been promoted to the leadership role. This email shows clear proof that threatened employees with military surveillance including, "I did intelligence research with the Army and give them IP addresses and email addresses to track specific locations." Governor Walz, yes or no, are you aware of this email?

Governor Walz. **I am not.**

Rep. McGuire. Governor Walz, Mr. Nwala stated in the email that he was asked by upper leadership to hold off as they are doing their own thing on it. What did they mean by that?

Governor Walz. **I couldn't say. I am unfamiliar with it.**

Rep. McGuire. Was upper leadership doing their own military surveillance on whistleblowers to intimidate employees and to stay quiet about rampant fraud?

Governor Walz. **I do not believe they would.**

Rep. McGuire. Moving on. Governor Walz, yes or no, do you agree that it would be intimidation to confront a whistleblower with photographs of their car, their house, and monitor their phone and computer, and ask which schools their children go to?

Governor Walz. **Yes.**

DHS weaponized the internal employee fraud hotline against whistleblowers, which was meant for employees to report fraud and other concerns. The whistleblowers explained that this hotline was initially anonymous but was later deanonymized. Because of this, the whistleblowers created an anonymous external email to report fraud and retaliation concerns to DHS management and the Walz Administration. When DHS blocked this email address, the whistleblowers began posting their concerns about fraud on Twitter/X.

- Former DHS Commissioner Jodi Harpstead testified that DHS Director of Internal Audit Gary Johnson managed a confidential tip line for employees to report fraud.⁴⁹³ Aside from DHS having a confidential tip hotline and that Gary Johnson managed it, Jodi Harpstead testified that she did not know much of anything about it.⁴⁹⁴
- Former Commissioner Jodi Harpstead initially testified that she did not remember whether Shireen Gandhi ever shared information with her about tips that came through the fraud hotline.⁴⁹⁵ Later, Ms. Harpstead changed her story, stating that none of her Deputy or Assistant Commissioners reported any information to her that Gary Johnson received through the tipline.⁴⁹⁶
- Former Commissioner Harpstead testified that the tipline shared information with HR though, who reported to Gandhi at the time.⁴⁹⁷ Interestingly, Ms. Harpstead testified that she did not remember a single instance where Gary Johnson reported concerns of fraud to her, but she believes he would have reported them to Shireen Gandhi.⁴⁹⁸
- DHS employee whistleblowers reported that confidential employee tips about fraud and retaliation were shared with HR and used against them. Then-Temporary Commissioner Gandhi confirmed that HR was the division within DHS investigating employees.⁴⁹⁹ Whistleblowers told Committee Majority staff that the DHS tip line was originally anonymous and that they initially used it to report fraud concerns, but sometime after November 2022, the tipline became deanonymized during Shireen Gandhi's tenure as Deputy Commissioner, who was in charge of HR. This testimony from Ms. Harpstead corroborates what whistleblowers told Committee staff that they believed that reports on this tip line were routed to HR who then would investigate these employees at the direction of Shireen Gandhi.
- Whistleblowers described how DHS internal systems discouraged employees from reporting fraud because DHS leadership would investigate and retaliate against

⁴⁹³ Transcribed Interview of Jodi Harpstead, Former Comm'r, Minnesota Dep't of Hum. Services, at 50 (Feb. 23, 2026) (see Appendix, at pg. 203 for testimony).

⁴⁹⁴ *Id.*

⁴⁹⁵ *Id.* at 51.

⁴⁹⁶ *Id.* at 53.

⁴⁹⁷ *Id.* at 51.

⁴⁹⁸ *Id.* at 51-52 (see Appendix, at pg. 204 for testimony).

⁴⁹⁹ Transcribed Interview of Shireen Gandhi, then-Temporary Comm'r, Minnesota Dep't of Hum. Services, at 136-37 (Feb. 17, 2026).

employees. After DHS's tip hotline was deanonymized, whistleblowers described how they created an external email address to send complaints about fraud and retaliation to DHS leadership, the Governor's office, and Legislative Auditor Judy Randall.⁵⁰⁰ Whistleblowers told Committee Majority staff that the email address they were using was blocked by DHS servers, so they moved to Twitter/X around April 2023.

- While Governor Walz and Shireen Gandhi claim that whistleblowers are important to DHS and the State protects whistleblowers,⁵⁰¹ the U.S. Attorney's Office in Minnesota under then-U.S. Attorney Andrew M. Lugar, told the Walz Administration that their frontline employees did not feel comfortable coming forward with fraud concerns.⁵⁰² Chris Schmitter testified that this conversation—where the Governor was present as well—occurred in early 2025, years after DHS employees started bringing up concerns about fraud and retaliation to agency leadership and the Governor's Office through email.⁵⁰³

⁵⁰⁰ See, e.g., Email from DHS Employee Whistleblowers to Jodi Harpstead, *et al.* (Nov. 4, 2022) (on file with Committee).

⁵⁰¹ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 43 (Mar. 4, 2026); and Transcribed Interview of Shireen Gandhi, then-Temporary Comm'r, Minnesota Dep't of Hum. Services, at 62 (Feb. 17, 2026).

⁵⁰² Transcribed Interview of Chris Schmitter, Former Chief of Staff, Office of Governor Tim Walz and Lt. Governor Peggy Flanagan, at 57-58 (Feb. 27, 2026).

⁵⁰³ *Id.* at 57; see, e.g., Email from DHS Employee Whistleblowers to Jodi Harpstead, *et al.* (Nov. 4, 2022) (on file with Committee).

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

- Q. Earlier you indicated you had communications with U.S. Attorney Andrew Luger about the misuse of Federal funds. What were the nature of those communications?
- A. The communication I'm thinking of most completely that I can remember most vividly was meeting with -- meeting with Andy Luger when he was kind of leaving his time as U.S. Attorney, and I think it was when he was still U.S. Attorney, or right there at the end, which would have been early 2025.
- Q. What was the nature of that conversation?
- A. So I think of it sort of like -- it was the Governor, me, I think it was probably Anne O'Connor, might have been Mary Fee, and I think the goal of the conversation was to -- and your question, what's the nature of it, I think the goal of it was to check in with him as he was departing as U.S. Attorney and, you know, get any parting thoughts he had as he was leaving that role.
- Q. Parting thoughts related to misuse of Federal funds or --
- A. I mean, you know, checking in generally, but yes. Yes. I think the Governor's hope in meeting with him was to ask, you know, what, you know, what do you recommend? What do you recommend we do as a State to continue to navigate and fight fraud. He was eager to do that. We were obviously rolling out an antifraud package in 2025, he really wanted to tackle this problem, and Andy had been U.S. Attorney and worked on the -- he and his team had worked on the Feeding Our Future cases, so I think our goal was to, again, it's been a while, but I think our goal was to get advice from him, if you will.
- Q. Did Mr. Luger offer any recommendations?
- A. The primary one that I recall was -- the primary one that I recall was to focus on -- well, the primary one that I recall was **to make sure that frontline staff, you know, felt sufficiently empowered to raise up fraud concerns, you know, within their respective agency, right? From a sort of -- you know, from a kind of cultural standpoint at that frontline level, if that makes sense.**

- Former Commissioner Jodi Harpstead confirmed whistleblower reports that a group of DHS employees was sending emails to DHS upper management and Chris Schmitter, Governor Walz's then-Chief of Staff, to report fraud and retaliation in DHS programs.⁵⁰⁴ It was clear from Ms. Harpstead's disdain towards this group that DHS upper management was not fond of employees who raised concerns about fraud and how management was handling it.

⁵⁰⁴ Transcribed Interview of Jodi Harpstead, Former Comm'r, Minnesota Dep't of Hum. Services, at 88-90 (Feb. 23, 2026).

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Did he [Chris Schmitter] talk to you about any reports that he would have received from DHS employees about your performance?

A. **We had the group of concerned employees that were sending emails around that he would have talked to me about.**

Q. Could you expand on that? What do you mean?

A. **There was a group of employees that were sending around emails, raising concerns, a variety of different concerns in the Behavioral Health Administration, and he was getting them too.**

Q. What were those concerns?

A. Oh, they were all over the map, lots of different things. Sometimes they were about concerns about providers and how things were going and whatnot. While I was tracking them, we found no substantial issues that we needed to deal with. They were also copying Office of the Legislative Auditor, and she wasn't finding anything in them either.

Q. So, like, were they claiming that fraud was going on with providers? Like, could you be more specific?

A. They were complaining about management, their management. They were complaining about -- they were complaining about their fellow employees, ways they were very disrespectful, and was kind -- it was kind of all over the place, not any specific reports that led to investigations or prosecutions.

...

Q. Like were they alleging like retaliation-type issues, or interpersonal employee issues, like can you be more specific?

A. **There were concerns raised about managers retaliating in general. There weren't as many about me as there were about whoever they reported to.**

...

Q. Anybody specific?

A. **And Chris Schmitter was mentioned, too, and Shireen, and others.**

- Below is an email chain Committee staff acquired from DHS employee whistleblowers from November 2022 about fraud, agency mismanagement, and employee retaliation.⁵⁰⁵ This email was sent to the DHS Commissioner at the time Jodi Harpstead, Chris Schmitter, Governor Walz's then-Chief of Staff, and several state legislators. This is one example of the many emails that the Committee has on file from DHS employee whistleblowers that were sent to Commissioner Harpstead and former Chief of Staff Schmitter.

⁵⁰⁵ Email from DHS Employee Whistleblowers to Jodi Harpstead, *et al.* (Nov. 4, 2022) (on file with Committee).

Sent: Friday, November 4, 2022 1:18 PM

To: Harpstead, Jodi L (DHS) <[REDACTED]>

Cc: [Chris Schmitter](#) <[REDACTED]>; [REDACTED]

<[REDACTED]>; [REDACTED] <[REDACTED]>;

[REDACTED] <[REDACTED]>; [REDACTED] <[REDACTED]>

Subject: Concerns about the Mismanagement of Behavioral Health Programs at Department of Human Services

DHS Commissioner,

It has been about a week since our last correspondence and we are disappointed that you have refused to address our concerns or communicate with staff about any potential solutions we can work together to create. Consequently, due to your lack of outreach, we will be sharing this information with our legislators - we no longer trust your professional judgment. While we do not expect an overnight solution, we also do not expect our care and concerns about Behavioral Health Programs to be **consistently disregarded**.

Legislators: Please review this entire message thread from beginning to current. We have tried to communicate our concerns to DHS Commissioner and directors regarding the mismanagement of Behavioral Health programs, which includes children and adult mental health, substance use disorder and other treatment programs that DHS administers and have been ignored. Our intentions are good and this message has been drafted with great care.

The Facts:

- The hiring of a Behavioral Health Director, who has **no behavioral health experience, education or licensure - and to our great astonishment, has no college degree of any type** - has impeded our ability to administer and improve our mental health/substance use disorder programs. We need qualified leadership and working with Kristine has been an enormous challenge as she is not able to provide our division with needed leadership and is creating rifts amongst staff, other divisions/administrations and dismantling our ability to collaborate with stakeholders. We have been told that Kristine was temporarily hired to hold staff accountable and bring stability to our division, or essentially, "clean the house." However, this has not happened and quite the contrary, a significant number of talented and dedicated employees in our division are seeking to leave the workplace and meanwhile those who had been responsible for the current dysfunction have been promoted.
- Questionable hiring practices that appear to contradict HR policies have occurred from bypassing our internal posting requirements to hiring unqualified candidates that do not meet the "minimum" or "preferred" qualifications. For example, our newly clinical treatment director has been hired in complete disregard for needed qualifications, has no mental health/substance use disorder or treatment background and notably, is responsible for the loss of over \$2 million dollars in Adult Mental Health Initiative Funds. This is unethical and irresponsible to the state of Minnesota.

(Cont.)

- Toxic work environment that is fostered and deepened with a new Assistant Commissioner. We have had several staff departures due to the toxic work environment under this new leadership and furthermore, it has been documented in a Menti-Meter workplace assessment, showing the deterioration of working conditions. (Please see the attachment)
- The whole process of hiring a Recovery Director at the Governor's Office to provide oversight to SUD programs has been completely corrupted. It was assured to the people of Minnesota that DHS can manage Behavioral Health programs especially SUD and there is no need to remove Behavioral Health Division from DHS because the Governor's office will hire a Recovery Director. However, it has been almost 11 months down the road, no one has been hired for the position. A BHD representative on the interview panel has openly shared that the process of appointing the Recovery Director has not been transparent and the candidate who might be appointed for this role, is not someone community would want for this role.
- BHD contracts and finances are still being seriously mismanaged. We are at risk of enormous underspending and mismanagement of funds that came to Minnesota during pandemic due to lack of qualified leaders who can manage and direct the behavioral health division work. Adult

Mental Health Initiative (AMHI) is one simple example where the manager over the work, forgot to encumber the funds that led to a loss of millions of dollars and then BHD internally tapped another unspent grant to cover this deficit, which is poor practice as we want to know what will happen to the programs which were supposed to be funded by the grant that was tapped to cover up this unethical practice.

- There were allegations of falsification of data to legislation but rather than investigating and getting to the bottom of the issue, the person was quietly moved to another part of the agency.
- Foundational problems with adult and children's mental health programs with new leaders unable to contribute rational solutions. As an example, our Psychiatric Residential Treatment Facility (PRTF) programs are in dire condition as there is no data available to show how these facilities operate and produce results for the children they serve. For reference, PRTF is considered the highest level of treatment in the spectrum of mental health care - without this program, children may end up being sent out of state, in emergency rooms or even in correctional facilities. We do not have qualified leadership over these programs resulting in profound mismanagement and kids suffering from the results.
- Staff across Behavioral Health Division are scared of being falsely accused for the mismanagement of contracts. Leaders are not responding to external stakeholders and meanwhile people in Minnesota, our people are dying or facing adverse outcomes from mental health, substance use disorder or other related conditions due to our inability to deliver quality mental health services.

Everything that you hear about "crossing our t's and dotting our i's" has been is a complete misrepresentation of the facts from our leadership. A majority of our contracts are being mismanaged with untold funds being distributed to vendors with no oversight or assessment of outcomes. Profound

(Cont.)

delays in execution and inadequate responses to legitimate concerns raised by stakeholders have been airbrushed by leadership.

If you were to do a survey with external stakeholders and advocates, you will discover the blatant lack of response from this leadership to any the concerns presented to them by external or internal stakeholders. To our Legislators, please take our message seriously. It has taken a great deal of courage to write this message to you as retaliation at DHS under this leadership is a serious problem. Please act as a voice for the people of Minnesota affected by mental health/substance use disorder conditions. Speak on behalf of Minnesotans who are seeking a reasonable quality of life and raise attention to issues that DHS employees are trying to address but have been unable to seek redress under our leadership. Further note, we are not a group of disaffected employees - we care about the work we do in our division and have great pride in serving the people of Minnesota.

We would encourage legislators to strongly consider removing Behavioral Health Division from DHS as our agency has shown complete disregard for our operations, programs and management of the division impacting the well-being of the most vulnerable people in the state of Minnesota.

- Former Commissioner Jodi Harpstead testified that Governor Walz's Chief of Staff Chris Schmitter talked to her about the emails they both were receiving from DHS employees reporting fraud, mismanagement, and retaliation.⁵⁰⁶ Despite characterizing the reports as coming from "concerned employees," Commissioner Harpstead testified that DHS did not bother to look into the source of these complaints.⁵⁰⁷
- Chris Schmitter testified that he did not know anything about these emails and claimed to only know that they existed after the fact through public reporting.⁵⁰⁸ When asked if he ever investigated these emails after he supposedly became aware of them on social media, Mr. Schmitter said he didn't believe he checked his inbox but could not remember.⁵⁰⁹ This is highly concerning because the Governor's Office was receiving direct reports about fraud, agency mismanagement, and employee retaliation from DHS employees via email as early as November 2022 but failed to act on these reports. Furthermore, Commissioner Harpstead indicated during a transcribed interview that Mr. Schmitter talked to her about them.

⁵⁰⁶ Transcribed Interview of Jodi Harpstead, Former Comm'r, Minnesota Dep't of Hum. Services, at 88-89 (Feb. 23, 2026).

⁵⁰⁷ *Id.* (see Appendix, at pg. 205 for testimony).

⁵⁰⁸ Transcribed Interview of Chris Schmitter, Former Chief of Staff, Office of Governor Tim Walz and Lt. Governor Peggy Flanagan, at 85-86 (Feb. 27, 2026).

⁵⁰⁹ *Id.* at 86.

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

Q. Did you ever receive reports from DHS employees that Commissioner Harpstead wasn't doing her job?

A. When you say -- what do you mean, reports? Did I receive --

Q. Emails? Communications? Anybody reach out to you? That somebody reported to you? That --

A. **Not that I recall. No. Not that I recall.**

Q. No emails that you received ever?

A. I -- so after -- like, now in real time, **I have seen on social media some claims of having sent emails to me or emails I was CC'd on.** So I want to clarify. Like, I have seen that, so now I have some understanding of that now, but not -- I don't remember emails coming through. But I also received a preposterous number of emails.

Q. So, yes, you did receive them. You don't remember them in the moment?

Witness Counsel. I don't believe that was his testimony.

Q. Could you clarify?

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)
(cont.)

A. **I don't remember. I don't remember. I have seen previously on social media -- I have not gone down the rabbit hole of verifying what's true or not. But I don't remember, given all the emails that I received.**

Q. Did you ever consider going to check and see if you actually received these messages after the fact?

A. **Well, I don't work in the office anymore.**

Q. Well, prior to then? When you were still the chief of staff?

A. I guess I don't understand that question.

...

Q. Just yes or no. **Did you ever search your inbox while you still had access to it to determine whether or not those emails were sent to you?**

A. **Did I ever search my inbox -- I don't think so, but I don't remember.**

Policy Recommendations

- Self-attestation by itself is inadequate for detecting and preventing fraud. Minnesota's state agencies often took attestations by providers at face value when examining reimbursement requests. Providers must be required to submit additional documentation beyond self-attestation forms to prove that the services they are claiming to render were indeed rendered.
- To better detect fraud, federal agencies should share data so that if an individual or provider is being investigated for defrauding one program administered by an agency, that agency should flag their fraud concerns for all other agencies that administer programs. This would address how individuals who defrauded the USDA CACFP and SFSP were also defrauding Medicaid programs and continued to receive payments in 2025.
- The IRS should proactively notify federal and state agencies that administer social service programs when a provider's nonprofit status has lapsed to ensure that they do not continue to receive payments while they are not registered as a nonprofit. FOF self-certified to MDE that it was still a nonprofit in May 2020 when it applied to enroll in the SFSP, despite the IRS revoking its status in February 2020. MDE failed to realize this, and when FOF submitted its annual CACFP sponsor application in August 2020, it again misrepresented its IRS nonprofit status, which MDE accepted. Only in January 2021 did MDE issue a serious deficiency notice to FOF due to the lapse of its nonprofit status.
- States should be required to maintain state employee whistleblower reporting channels, adhere to standards when reports implicate abuse of federal funds, and share raw reports concerning fraud and abuse of federal funds with appropriate federal entities. These requirements would address failures in Minnesota where politically appointed officials failed to act on or elevate whistleblower reports that may have been viewed as politically inconvenient.
- Between March and April 2026, the Committee advanced eleven bills addressing reforms to prevent rampant, government wide fraud and improper payments as well as general federal agency program integrity and financial management improvements to protect taxpayer funds. Specific to the types of systemic issues related to federally funded state-administered programs and the fraud identified in Minnesota programs:
 - H.R. 8464, the Stopping Fraudulent Payments Act, directly addresses the pervasive problem of the 'pay and-chase' status quo of most federally funded programs including the costly and difficult process of identifying and recovering improper payments after they are made. The bill amends title 31, U.S. Code, to require federal agencies to take a corrective action prior to certifying a payment if there is an elevated risk of fraud based on an objective, documented fraud-risk indicator. The legislation also authorizes the U.S. Treasury Department to pause payments that are

suspected of fraud and issue a corrective action to the federal agency overseeing the program or the state entity administering a federally funded program.

- H.R. 8312, the Fraud Prevention and Accountability Act, authorizes the U.S. Treasury's Fiscal Service to establish a government wide data analysis support program for federal agencies, as well as states administering federally funded programs, to detect and prevent fraud and improper payments in pre-award program eligibility determinations as based on known fraudulent entities and types of transactions that have resulted in final adverse action determinations, payment denials, or referrals for criminal investigation. The program would also help share best practices for screening relevant cyber activity related to virtual identity or payment information, as well as information on known fraud patterns in the financial sector.
- H.R. 1755, the Timely and Accurate Benefits Act, aims to provide more fraud and improper payment prevention tools to states that administer federally funded programs by requiring the U.S. Treasury's Do Not Pay system be made available to states for recipient eligibility determinations and payee verifications activities. The bill also applies much needed oversight to states by requiring they maintain and issue plans documenting whether they have access to necessary data sets and systems to conduct such award eligibility and payment verification activities, including verifying a payee's identity and living status (that they are not deceased), their banking account information for payments, and financial and household eligibility information such as enhanced gross income and employment status.
- H.R. 8428, the Federal Fraud Prevention Workforce Training Act, amends title 5, U.S. Code, to require the U.S. Treasury, in coordination with the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM), to establish a mandatory government wide training program, which will also be made available to state and local governments administering federal programs, to ensure the federal workforce knows how to identify fraud risks in federal programs, implement leading anti-fraud best practices and required agency anti-fraud controls, and utilize tools such as the Treasury Do Not Pay system. The bill aids officials administering federal programs understand their duties, resources, and available tools to address fraud.
- H.R. 8107, the Government Audit and Accountability of Federally Funded State-Administered Programs Act, requires the Government Accountability Office (GAO) to study specific risks associated with federally funded, state administered programs which will enable Congress to better track emerging fraud patterns and system failures in program administration before they become large scandals. This is aligned with a March 2026 letter Chairman James Comer issued, which Ranking Member Garcia has since joined, requesting GAO launch a sweeping investigation into indicators of fraud, current fraud prevention efforts, and make relevant

recommendations to executive branch agencies and to Congress for programmatic specific legislative reforms in federally funded, state-administered programs.⁵¹⁰

- H.R. 6916, the Federal Program Integrity and Fraud Prevention Act, prohibits those convicted of certain felonies related to defrauding the government from participating in federal contracts or receiving grants and federal financial assistance in the future by making such a prohibition clear in title 31, U.S. Code, and ensuring that such prohibited persons are listed as an ‘excluded source’ in the General Services Administration’s System of Award Management (i.e., SAM.gov).

⁵¹⁰ Letter from James Comer, Chairman, H. Comm. on Oversight and Government Reform, to Orice Williams Brown, Acting Comptroller General of the United States, U.S. Gov’t Accountability Off. (Mar. 12, 2026).

Conclusion

Governor Walz and Attorney General Ellison knew about the fraud in federal programs administered by the State of Minnesota much earlier than they admitted. Transcribed interviews with current and former public officials from the State of Minnesota have confirmed that Governor Walz and Attorney General Ellison were aware of fraud in the CCAP and high-risk Medicaid programs administered by DHS as early as spring 2019 and fraud in the CACFP and SFSP programs administered by MDE as early as April 2020. The federal government has determined that at least \$300 million was stolen by Feeding Our Future and its affiliated vendors and providers from the federal child nutrition programs administered by USDA. Federal prosecutors estimate that \$9 billion has gone to fraud from the high-risk Medicaid programs in Minnesota since 2018.

The Committee has found that Minnesota lacked adequate oversight controls and procedures to verify that federal taxpayer dollars were being used appropriately and the Minnesota government could have stopped the flow of money to fraudsters at any time but chose not to for fear of political retribution from the politically active Somali community, which also wields power within social services provider networks. Instead of trying to stop this widespread fraud, Governor Walz's Administration retaliated against employees who tried to raise concerns, going to great lengths to keep them quiet, including intimidation through regular check-ins with high-level agency officials and threats of military surveillance.

In the Committee's March 4, 2026, hearing, Governor Walz and Attorney General Ellison had the opportunity to clarify what they have done to combat fraud in Minnesota and dispute what state officials testified to in their transcribed interviews. Both Governor Walz and Attorney General Ellison claimed to know very little about the widespread fraud occurring in Minnesota until long after potentially billions of dollars had gone out the door, and believed that the child care fraud that predated the beginning of their terms in 2019 had been resolved by the time they took office. Committee Members asked Governor Walz and Attorney General Ellison about well-documented events in Minnesota state government during their tenure, and neither were able to provide sufficient answers about when the state government knew about fraud and the measures they took to safeguard federal taxpayer dollars. Governor Walz and Attorney General Ellison clearly did not protect taxpayer dollars, but it is still an open question as to whether this was incompetence, willful blindness, or worse. The Department of Justice and all relevant law enforcement and regulatory agencies should conduct a thorough review of Minnesota's social services program reimbursements and enrollment verification processes and procedures from 2019 to the present. USDA, HHS, and CMS should commence rulemaking to enhance program integrity requirements for state agencies administering the FNP, Child Care and Development Block Grants, and Medicaid programs. Further legislative efforts at the federal level are necessary to prevent this massive waste, fraud, and abuse of federal dollars from ever happening again.

Appendix

Background on the Committee's Investigation into Widespread Fraud in Minnesota's Social Services Programs

In 2012, the Committee investigated Minnesota's administration of Medicaid and found that the state was defrauding the federal government by inappropriately leveraging federal taxpayer dollars to fund state-only health plans.⁵¹¹ The Committee highlighted that Medicaid was at high risk for fraud, and urged Congress to "realign state and provider incentives so that our nation's limited tax resource revenues are targeted to those individuals who genuinely need public assistance."⁵¹² Since the Committee published its investigation findings in 2012, as this report details, Minnesota has nevertheless continued to exhibit poor management and oversight of Medicaid programs.

During its investigation, the Committee conducted transcribed interviews with nine key current and former Minnesota state officials. Across these transcribed interviews, Majority staff questioners asked questions over a combined total of 36 hours and 46 minutes while Minority staff questioners only asked questions for a combined total of just 3 hours and 14 minutes.

On December 22, 2025, Chairman Comer also sent a request to then-Attorney General Pam Bondi for staff-level briefings to learn about the Department of Justice's (DOJ) related investigations, as well as a request to Secretary of the Treasury Scott Bessent requesting a staff-level briefing to learn more about how the Department of the Treasury (Treasury) monitors remittances and informal financial networks and its oversight and enforcement efforts to counter financing for terrorist groups.⁵¹³ Chairman Comer also requested from Treasury Suspicious Activity Reports (SARs) related to fraud in Minnesota.⁵¹⁴ As indicated below, both DOJ and Treasury have complied and are continuing to comply with the Committee's ongoing requests.

On January 7, 2026, the Committee held a hearing with Members of the Minnesota House of Representatives—Kristin Robbins, Marion Rarick, and Walter Hudson—members of the Fraud Prevention and State Agency Oversight Policy Committee.⁵¹⁵

On January 15, 2026, a joint group from the FBI and DOJ's Criminal Division briefed Committee staff on their ongoing efforts in Minnesota.⁵¹⁶ On January 23, 2026, officials from Treasury and its Financial Crimes Enforcement Network (FinCEN) briefed Committee staff on

⁵¹¹ See H. COMM. ON OVERSIGHT AND GOV'T REFORM, STAFF REPORT: UNCOVERING WASTE, FRAUD, AND ABUSE IN THE MEDICAID PROGRAM, 10 (Apr. 25, 2012).

⁵¹² *Id.* at 19.

⁵¹³ See Letter from James Comer, Chairman, H. Comm. on Oversight and Gov't Reform, to Pam Bondi, then-Att'y Gen., Dep't of Justice (Dec. 22, 2025); and see Letter from James Comer, Chairman, H. Comm. on Oversight and Gov't Reform, to Scott Bessent, Sec'y, Dep't of Treasury (Dec. 22, 2025).

⁵¹⁴ See Letter from James Comer, Chairman, H. Comm. on Oversight and Gov't Reform, to Scott Bessent, Sec'y, Dep't of Treasury (Dec. 22, 2025).

⁵¹⁵ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part I: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2 (Jan. 7, 2026).

⁵¹⁶ Briefing from Department of Justice to H. Comm. on Oversight & Gov't Reform Majority Staff, *et al.* (Jan. 15, 2026).

the Chairman's requests and efforts to identify and make available for review any responsive SARs.⁵¹⁷

On January 23, 2026, Chairman Comer sent a request to the Minnesota Office of the Legislative Auditor (OLA), Judy Randall, asking for a briefing on her office's work related to uncovering fraud.⁵¹⁸ Specifically, the Chairman requested information on OLA reports released in 2019 on the Childcare Assistance Program (CCAP),⁵¹⁹ in 2024 on Feeding Our Future and Minnesota's Department of Education,⁵²⁰ and in 2026 related to the Department of Human Services Behavioral Health Administration's grant management.⁵²¹ These reports examine waste, fraud, and abuse in several reimbursement and grant programs that receive federal dollars and show how Minnesota's Department of Education and Department of Human Services have failed to safeguard taxpayer dollars throughout the entirety of Governor Walz's tenure. The Minnesota OLA briefed Committee staff on the findings outlined in these reports on February 10, 2026.⁵²²

On February 10, 2026, officials from HHS's Office of Inspector General also briefed Committee staff on their efforts to prevent fraud in Minnesota's social services programs.⁵²³

On March 7, 2026, the Committee held a hearing with Governor Walz and Attorney General Ellison on what they knew about widespread fraud in Minnesota, when they knew about it, and what they did, if anything, to try to stop it.⁵²⁴ Majority Committee Members emphasized how the evidence presented in the Committee's interim staff report regarding this matter demonstrated that Governor Walz and Attorney General Ellison were aware of widespread fraud in Minnesota's social service programs, lied about their knowledge of the fraud, and retaliated against state employees who raised concerns.⁵²⁵ In his opening statement and questions, Chairman Comer explained that the rampant fraud in Minnesota has harmed the most vulnerable Americans and prevented legitimate recipients from receiving social services.⁵²⁶ The Chairman noted his belief that the situation in Minnesota is a result of sustained leadership failures over the

⁵¹⁷ Briefing from Department of Treasury to H. Comm. on Oversight & Gov't Reform Majority Staff, *et al.* (Jan. 23, 2026).

⁵¹⁸ Letter from James Comer, Chairman, H. Comm. on Oversight & Gov't Reform, to Judy Randall, Minnesota Legislative Auditor (Jan. 23, 2026).

⁵¹⁹ See MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR, CHILDCARE ASSISTANCE PROGRAM: ASSESSMENT OF FRAUD ALLEGATIONS (Mar. 2019).

⁵²⁰ See Minnesota OLA: Oversight of Feeding Our Future, *supra* n. 16.

⁵²¹ See MINNESOTA OFF. OF THE LEGISLATIVE AUDITOR FIN. AUDIT DIV., DEPARTMENT OF HUMAN SERVICES: BEHAVIORAL HEALTH GRANTS PERFORMANCE AUDIT (Jan. 6, 2026). BHA oversees adult mental health, children's mental health, and alcohol and drug abuse services.

⁵²² Briefing from Minnesota Office of the Legislative Auditor to H. Comm. on Oversight & Gov't Reform Majority and Minority Staff (Feb. 10, 2026).

⁵²³ Briefing from HHS Office of Inspector General to H. Comm. on Oversight & Gov't Reform Majority Staff (Feb. 10, 2026).

⁵²⁴ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2 (Mar. 4, 2026).

⁵²⁵ See H. COMM. ON OVERSIGHT & GOV'T REFORM, INTERIM STAFF REPORT: THE COST OF DOING NOTHING: HOW TIM WALZ AND KEITH ELLISON FUELED MINNESOTA'S FRAUD EXPLOSION (Mar. 4, 2026).

⁵²⁶ *Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II: A Hearing before the H. Comm. on Oversight & Gov't Reform*, 119th Cong. 2, at 1-3 (Mar. 4, 2026) (statement of Chairman James Comer).

tenures of Governor Walz and Attorney General Ellison in Minnesota's state government since 2019.⁵²⁷

Minority Committee Members generally failed to ask questions related to widespread fraud in Minnesota. Minority Member Yassamin Ansari even complained to the Chairman about spending time in the Committee's March 4, 2026 hearing to root out waste, fraud, and abuse of federal dollars, remarking, "it's outrageous that this is what we're choosing to spend our time on [in] the Oversight Committee."⁵²⁸ Chairman Comer even sought to clarify that she actually meant "fraud" was a waste of the Oversight Committee's time, to which she replied in the affirmative.⁵²⁹

Minnesota officials confirmed in their testimony they were more worried about continuing these government services than stopping fraud.⁵³⁰ When asked by Majority Members about stopping payments while fraud investigations were underway, Governor Walz said that he does not "think in all cases that pausing those payments is the right action."⁵³¹ Majority Members also pointed out that widespread fraud on this scale would not have happened if "people in power" were not "colluding and collaborating and willfully blinding themselves to the realities around them."⁵³²

Throughout this investigation, the Committee has spoken to nearly 30 whistleblowers. Most of these individuals are current employees in the Walz administration who shared intimate knowledge of the Walz Administration's failures to identify and eliminate fraud and faced retaliation for raising concerns.

⁵²⁷ *Id.* at 2 (statement of Chairman James Comer).

⁵²⁸ *Id.* at 70.

⁵²⁹ *Id.*

⁵³⁰ *Id.* at 72.

⁵³¹ *Id.*

⁵³² *Id.* at 79.

Full Testimony and Exhibits

Finding #1

This corresponds with the cited material in footnote 121.

Assistant MDE Commissioner Daron Korte (February 3, 2026)

Q. Did the Attorney General's Office take over the discussions with Feeding Our Future after that draft lawsuit was served?

A. I don't think so. Not right away. **I notified the assistant attorney general who worked with us on the Partners in Nutrition lawsuit, but I don't think that like we fully turned over communications to like just between attorneys at that point, not yet.**

This corresponds with the cited material in footnote 134.

Former DHS Commissioner Tony Lourey (February 6, 2026)

Q. Did you communicate to Governor Walz or Mr. Schmitter how serious it would be to need -- or the severity of needing to address these fraud concerns in order to get the budget passed?

A. You're asking about during my tenure?

Q. Yes.

A. **There was a broad awareness, in order to get a budget through the legislature, these issues needed to have broad bipartisan agreement that we have the tools and authority needed to run programs properly and avoid fraud, yes.**

This corresponds with the cited material in footnote 135.

Former DHS Commissioner Tony Lourey (February 6, 2026)

Q. Was there anything preventing DHS from acting on or addressing concerns about fraud during your time as the commissioner?

A. **I don't recall barriers that we felt limited us in our ability.**

Q. Was there anything limiting DHS' ability to initiate a stop pay order, for example, on any providers who you believed to be committing fraud or have serious program integrity issues that you were noticing?

A. **I -- I don't recall using a stop payment during my tenure, but I believe we had that authority.**

This corresponds with the cited material in footnote 137.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. You mentioned several times now that the CCAP issues had taken place before the Walz administration. Was it the Walz administration's understanding that those issues were resolved?

A. **Pretty much.**

Q. By the time the Walz administration began in 2019, those issues had been resolved?

A. I believe so. **There was one follow-up legislative audit report that confirmed that they were during the Walz administration.**

This corresponds with the cited material in footnote 143.

Oversight of Fraud and Misuse of Federal Funds in Minnesota Part I

Chairman Comer. Representative Robbins, do you have any examples of how the Walz Administration blocked investigators from moving forward with high-priority fraud investigations?

Ms. Robbins. Yes, we do, Mr. Chairman. I have met with whistleblowers and gotten documents from them about how, **after the original CCAP whistleblower report came out in March and April of 2019, subsequent to that, there was an Office of Inspector General within DHS that had investigative authority to do surveillance, warrants, and seize electronics, and they were shut down. They were told they could no longer do criminal investigations. They were told they could no longer meet with the Bureau of Criminal Apprehension agents that were assigned to them without supervisor's approval. And, instead, when they found—one of the other members talked about how they changed the language. They went from calling it “fraud” to calling it “overbilling.” And they created an overbilling committee to—all the investigative agents now could not do criminal investigations, and they had to flag issues of overbilling, and then a committee would decide if any of that overbilling would be recouped.**

Chairman Comer. A committee by—appointed by Walz?

Ms. Robbins. No, appointed within DHS.

Chairman Comer. Oh, appointed by their own bureaucracy?

Ms. Robbins. Yes. So, they shut down criminal investigations. They created a committee to call it overbilling and decide if overbilling investigations would even try to recoup the money.

Chairman Comer. **So, this is evidence that Tim Walz interfered with investigators who knew there was fraud. The rumors of fraud have been taking place—I have been hearing them for a decade. And yet, he interfered to try to obstruct their investigation of fraud.**

Ms. Robbins. Yes. His agency shut down criminal investigations.

This corresponds with the cited material in footnote 154 and 155.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Earlier you mentioned communications with Mr. Chris Schmitter during this time about misuse of Federal funds in DHS programs. What were the nature of your communications with Mr. Schmitter?

A. **Mostly informational to let him know how the process was going.**

Q. And was that throughout your entire tenure as commissioner or was that a specific time?

A. It was before he hired the deputy chief of staff for commissioner affairs, then most of our conversations were with Anne O'Connor.

Q. Okay. Do you remember when that was?

A. 2021 or '2. '2 probably.

Q. **So is it safe to say you were meeting directly with Mr. Schmitter from the beginning of your tenure in 2019 until Ms. O'Connor's hiring around 2020, 2021?**

A. **Uh-huh. Uh-huh.**

...

Q. And would you report any instances of fraud or potential fraud to Ms. O'Connor during any of those meetings?

A. Sometimes.

Q. Was this a frequent occurrence? Was this only just like a certain number of times? Do you remember?

A. Depending on what was going on and how involved I might be in some particular investigation. It varied.

This corresponds with the cited material in footnote 156.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. So it'd be fair to say that you were, you know, reporting to the Governor's office or reporting to the Attorney General's office fraud concerns as early as 2019 when you came into office?

A. **Yes.**

Q. Okay. Thank you. And would you have been making those same reports throughout your tenure?

A. **Yes.**

Q. Okay. Thank you.

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

- Q. Earlier you mentioned having communications with former Assistant U.S. Attorney, former Acting U.S. Attorney Joe Thompson regarding the misuse of Federal funds. What were the nature of those communications with Mr. Thompson?
- A. What do you mean nature? Like, once again, just like when did we meet or talk that I can remember?
- Q. When did it happen? Who was there?
- A. What I -- **what I remember most vividly is meeting with Joe Thompson and the Governor and I think Anne [O'Connor] and Mary [Fee] in late summer of 2025.** Then, again, I should just say, procedurally, similar to the Attorney General, I generally defaulted to the general counsel to maintain relationships with, for instance, the U.S. attorney or Hennepin County attorney or Ramsey County attorney on behalf of the office, generally; although, the Bureau of Criminal Apprehension really drew evidence ahead of that; you know, worked the most with the U.S. Attorney's Office. But I remember meeting in the summer of 2025, and I believe it was the Governor or the Governor's office kind of instigating or inviting it to check in with him on efforts to fight fraud and get his advice and feedback.
- Q. So if the general counsel or the legal team usually would have been you interfacing with the U.S. Attorney's Office, would you say this was a pretty important meeting?
- A. So regardless of that interfacing piece, I think -- I mean, yeah, I mean, this was an important meeting, yeah.
- Q. So you said the Governor's office initiated it. What was discussed?
- A. What I recall most specifically was talking about the Housing Stabilization Service program. And, I mean, what I recall asking Joe -- and I think his deputy Melinda was there too, who I think was the criminal chief at the time. So he was acting at the time U.S. attorney, whatever the term is, acting interim, and Melinda was deputy or criminal chief. **And I think that the focus of the conversation was getting their advice generally, but also about, you know, how to tackle fraud, especially in Medicaid programs. And then, specifically, I remember Joe raising the Housing Stabilization Services program. And what I recall is him saying that based on what he could see, not of Medicaid expert, but as a sort of antifraud expert, that that program was riddled with fraud, and that we -- it was very difficult to determine which providers were fraudulent versus not. And his recommendation, as I recall, was to try to shut off funding for the whole program.**

This and the above testimony correspond with the cited material in footnote 158.

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

(Cont.)

A. And then I remember following up with Joe by phone when we did that to let him know. I don't remember him being pleased with it. I think seeing that we were given his expertise, we wanted his advice, and were trying to be quickly responsive to what he recommended.

...

Q. When Mr. Thompson said the HSS program was riddled with fraud, was that news to your office? Were you hearing that for the first time?

A. So I think that the -- I think the scope of the fraud from Joe's perspective -- like, I don't think somebody had captured it quite that way, although I can't remember exactly. I don't remember -- I don't remember how we engaged with DHS prior to that around HSS. But I think he -- I mean, he -- you know, Joe's a very plain speaker. I think he spoke really clearly about the extent of it, yeah.

Q. **So, yes, the Governor's office was aware of some sort of fraud prior to this meeting?**

A. **I guess what I'm saying to you is I can't remember exactly. I do think that we had -- I do -- so this meeting was, I think, in August of 2025. I do think we had heard about allegations or concerns about fraud in HSS before that and that the agency was working on it. I don't know for sure because, again, I'm like sort of vacillating between what I knew at the time and what's been reconstructed since. But, yes, I think so, but not to the extent and scope that Joe laid out so clearly.**

Q. So prior to this meeting with Mr. Thompson in summer of 2025, were you aware of fraudulent activity happening at the Housing Stabilization Services program?

A. **I think the -- maybe the same answer as before, which is I don't remember specifically. I do think that I would have been -- I recall concerns about HSS. I just don't remember when I first heard about that or when that started.**

...

Q. Did any commissioner of DHS raise concerns with the Housing Stabilization Services Program to you during your tenure?

A. Not that I can remember. It's possible, but not that I can remember. I mean, I have a sense that I was aware of problems before that August meeting, not to that same scope; I just can't remember where I would have gotten it from, right. So it seems like more likely I would have heard that, you know, from Anne or from Mary or from somebody in the office than a commissioner raising it with me directly.

This corresponds with the cited material in footnote 170.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Did you instruct the OIG or anybody else to look into this massive growth?

A. Growth is one possible indicator. I remember one time looking for myself at autism services in the United States. And since we had started using the term "autism" in public health about 25 years ago, there's been a 4,000 percent increase in autism cases. So maybe that service should be growing rapidly. I mean, there's some of that. You have to have more than that to decide to put out a full-on investigation on an area like that. So if people tell us that someone billed for this and I know I didn't get that service, you'd check it out. It's a different report to you than concern about -- because of rapid growth.

Q. I mean, did multiples, like, growing four or five times over in 1 year, I mean, did that seem plausible to you?

A. **Well, that kind of growth is a concern, and we started looking into it, and we were realizing there were flags like that in a couple of these services,** which is why last fall we put together a -- not this last fall; the fall before that -- put together a antifraud package for the Governor's budget so we would have more capacity and more tools to go check those things out.

...

Q. But if you put together a package, you know, you realized this is not just growth. You looked into this as potentially being a problem?

A. Yes.

Q. Do you remember when you started putting the package together?

A. We always did that in September, October of '25 -- no, '24.

Q. And was this just EIDBI? HHS? Which programs were you seeing that had, you know, such a large growth that you felt like you needed to do something about it?

A. Most of the concerns were in EIDBI, Housing Stabilization Services, and -- what's the other one you mentioned?

Q. Integrated Community Supports?

A. Yeah, that one. Integrated Community Supports.

Q. And this was because you were seeing big growth in all three of them?

A. That was one of the things.

This corresponds with the cited material in footnote 186.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Earlier you stated you had communications with Shireen Gandhi regarding the improper use of Federal funds during this time period. What were the nature of your communications with Ms. Gandhi?

A. **Well, my entire direct staff was informed about that whole situation and working on it and talking about how to handle it,** and how to handle it with our Tribal nations relations with the press, and what our steps were going to be. Our legislative folks had to come up with a bill to see if the legislature would pay off the payments. So there was a lot of people involved.

Q. So your direct staff, who would that have been? Would that have been assistant commissioners, deputy commissioners? Could you explain who would have been involved during these conversations like you just said?

A. Yes. Deputy commissioners, assistant commissioners.

Q. Chief compliance officer?

A. Yeah.

Q. **So Shireen Gandhi would have been aware of all of these conversations throughout her tenure at DHS?**

A. **Probably informed about them at staff meetings, not necessarily deeply involved.**

...

Q. **Did you have conversations with Ms. Gandhi when she reported to you?**

A. **About?**

Q. **Misuse of Federal funds, these issues?**

...

Q. **What were the nature of those communications? Were those -- do you have any specific programs you remember discussing with her?**

A. **Most of her work in compliance was around payment errors, not about fraud, because the Inspector General reported to me too. So most of those conversations were there. But my closest direct reports would have known about the highest level of key things that were going on in the agency.**

This corresponds with the cited material in footnote 195.

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

- Q. Anything related to Nonemergency Medical Transportation?
- A. I don't -- I don't remember. No. I don't remember.
- Q. Do you remember any issues with Nonemergency Medical Transportation at any time during your tenure?
- A. I do recall hearing about issues with nonemer- -- is the acronym that they use NEMT? I'll just use that to speed it up. But I remember -- I do remember it from legislative negotiations, it coming up, I think in legislative negotiations, just the program. But I do remember hearing about concerns about the program. I don't know exactly when, though. I couldn't say specifically, Okay. This is when I heard about that, or when it arose or when it came to my attention, no.

This corresponds with the cited material in footnote 196.

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

Q. Anything about Child Care Assistance Program during the 2019 timeframe?

A. You know, with the Child Care Assistance Program -- it makes you realize how much of State government and Federal Government are all acronyms, right? With the Child Care Assistance Program, my recollection at the time especially was that there was -- there were allegations of fraud during the Dayton administration, and I remember there being a legislative auditor report that I think came out in 2019 about issues in that program. Yes, I remember that.

Q. Did DHS look into those issues?

A. That was certainly our expectation. I don't remember now at this point what exactly they did. I feel confident that our expectation at the time was that they should, you know, take those recommendations and take those concerns and address them.

Q. But do you not -- you don't know for sure if DHS actually did that?

A. I mean, I don't know -- at this point sitting here all these years later, I don't know for sure what DHS did around that program in 2019, no.

Q. Did anybody within DHS bring up concerns about that program to you around that time?

A. I don't remember. I don't remember. In 2000- -- I don't remember. No, I don't know.

...

Q. Were you briefed on any of those issues when you came into office -- or came into your tenure as chief of staff?

A. I don't remember. I don't remember. I mean, certainly we, you know, sat down with agencies early in the Governor's time in office to try to understand issues and challenges, so I might have been. I just don't remember now.

Q. Did anybody say, Hey, you know, we've had previous issues with this program in the past, we need to be on the lookout for it? Was that communicated in any way to you?

A. I don't remember. It's possible. I just don't remember.

This corresponds with the cited material in footnote 199.

Former Governor Walz Chief of Staff Chris Schmitter (February 27, 2026)

Q. Did the general counsel then brief you on their interactions with the Attorney General's Office?

A. Well, it depends, right? Because as we talked about earlier, there's so much work coming through the Governor's office in normal times, even more so in times that we dealt with, I would argue, and so, if you're -- if my team as chief of staff is having conversations and they're reporting everything back to me, then that's sort of insufficient, right. So you're trusting your team to sort of manage relationships and raise up the stuff that's important and not.

Q. Were you ever briefed by your general counsel regarding fraud, or misuse of funds-related issues they would have discussed with the AG's office?

Witness Counsel. And I'm just going to remind the witness that privileged conversations with the general counsel are covered by the attorney-client privilege. If you are aware of any non-privileged information, you can testify as to that.

A. Thank you. Yes, I guess what I -- I don't recall with certainty. What I do remember -- you know, as you're asking the question, what sticks out to me, probably because it's more recent, is, you know, working to get -- or the Attorney General's office working to get more resources to fight Medicaid fraud this past session. That's what comes to mind. But I don't recall conversations over the years in the way you describe. Yes. With regard to the Attorney General's Office and fraud, no.

Q. Were you ever briefed on the Attorney General's efforts to combat Medicaid fraud prior to then?

A. I may have been. I don't remember.

Finding #2

This corresponds with the cited material in footnote 216.

Assistant MDE Commissioner Daron Korte (February 3, 2026)

Q. Is it true that Minnesota's individual waiver promised to conduct targeted monitoring of sponsors who claimed an unusually high or implausible number of meals and snacks or those at high risk of meal claim inaccuracies or discrepancies?

A. **I don't recall that specific language being in there. I mean, it could have been. I just don't recall.**

...

Q. What written documentation did MDE procure during the pandemic that explicitly addressed safeguards for meal bundling waivers to ensure program integrity?

A. **I can't recall specifically what there was** but, I mean, there was so much documentation and guidance, technical assistance, Q&A's, that were created as part of operationalizing the waivers that, you know, **I'm confident saying that there was something to that effect, but I can't recall specifically.**

Q. Would you recall potentially an annual State plan or a State pandemic plan?

A. **I do, yeah, somewhat recall that, but I guess I can't remember the context of it.** I remember that we had schools having to submit similar things as well too. So I don't know if it was specific to that program or if it was something else that we were requiring more generally. **I can't recall.**

This corresponds with the cited material in footnote 217.

Assistant MDE Commissioner Daron Korte (February 3, 2026)

- A. There were -- so, again, prior to the waivers, if -- for example, say, a childcare center was going to participate in the CACFP program, they could serve one meal to one kid for each meal service that they were having or, you know, one meal and one snack, or however they signed up for the program, and that was it, each day.

Once we said -- or, once the USDA waivers allowed for those meals to be bundled -- so you would have, you know, multiple meals being picked up at one time, then being taken away from the childcare center, whatever the community organization was, and being brought home to be consumed -- it really kind of **escalated the amount of meals that could conceivably be served, you know, by those programs because, like I said, it was multiple meals being picked up and consumed at different times when, you know, there was nobody there observing.**

On top of that, there was the area eligibility waiver which, as I mentioned before, typically these programs can only operate in high-need areas because of the assumption, probably correctly, that the economic situation had changed for a lot of families that the most recent data wouldn't have shown. Those programs were allowed to open in places that they hadn't been before.

So that in a way too allowed Feeding our Future to kind of open more and more of these sites, and it was harder for us to question it because of that area eligibility waiver which, you know, specifically allowed these sites to pretty much be open anywhere.

This corresponds with the cited material in footnote 222.

Assistant MDE Commissioner Daron Korte (February 3, 2026)

Q. So a little bit earlier you discussed the MDE relied on some potential self-attestation to verify sponsors, providers, or participants. Would you agree with that?

A. It's part of the MD - or- the USDA process for sponsorship, yes.

Q. Do you believe that self-attestation is an effective method to detect and prevent fraud?

A. I would say, on its own, no, but as a part of a larger regulatory scheme, I think that that's one piece where if somebody makes a misstatement or affirms something that isn't true then there can be criminal liability attached to that. So, yeah, I think, again, on its own, it wouldn't be sufficient, but as part of a larger regulatory framework, I can see its purpose.

...

Q. At any point, did MDE raise concerns about self-attestation, third-party monitoring, to USDA?

A. Well, specifically about - concerns with Feeding Our Future were raised with USDA about those things generally. Outside of the Feeding Our Future context, I'm not sure if those were ever raised with USDA- **But, I mean, certainly we had concerns about self-monitoring and self-attestation with Feeding Our Future once we started to see the program irregularities and reported that to USDA.**

This corresponds with the cited material in footnote 225.

Assistant MDE Commissioner Daron Korte (February 3, 2026)

- Q. Given the concerns in this letter which reflected years of MDE's concerns about Feeding Our Future, why did MDE reimburse Safari Restaurant for the same number of meals as the entire St. Paul Public School District that year?
- A. Again, I think that we were in a spot with the USDA and with the lawsuit that if we would have denied those reimbursements, we would have had to justify how under the Federal regulations we were doing that. **And because of how the waivers were structured, there was no way for us to prove that they weren't serving this many kids.** So I think eventually those payments needed to be made or otherwise we risked liability in court.
- Q. In your experience working with MDE, a single restaurant serving a comparable number of meals to the State capital's Public School District, does that seem plausible to you?
- A. **It definitely did not seem plausible at the time. We had concerns about these numbers, yes.**
- Q. And you would say that that would be something that would be highly suspicious?
- A. **Yes. We had lots of questions; hence, the letter.**
- Q. And at no point did anybody at MDE bring this letter or concerns raised in this letter to your attention?
- A. **Oh, certainly this item about them, this single site serving more than St. Paul Public Schools was brought to my attention, yes. I just didn't see it specifically in this letter.**
- Q. Did you report that upward within MDE?
- A. **I can't remember if I did or not. Yeah, I can't remember.**
- Q. Did you report that to anybody within MDE if it wasn't upward?
- A. **Well, if I would have reported it to anybody, it would have been to the commissioner or deputy commissioner. I just don't specifically remember having that conversation. It's certainly possible that I did. I just don't remember.**

(Cont.)

Assistant MDE Commissioner Daron Korte (February 3, 2026)

(cont.)

Q. Did you report to anybody in the Governor's Office about the St. Paul Public School District comparison?

A. Again, **I don't specifically recall mentioning that, but it's definitely possible.** It could have been something that came up as part of those regular meetings that we had with the policy staff and legislative -- or legal staff in the Governor's Office.

Q. Did you brief the Attorney General's Office about that St. Paul Public School District comparison?

A. Yes. I mean, this was part of the evidence that we were using in the lawsuit to kind of justify our behaviors or defend our position. So they were definitely aware of this comparison.

This corresponds with the cited material in footnote 230.

Former MDE Commissioner Mary Cathryn Ricker (February 5, 2026)

Q. According to the OLA report, in April of 2020, MDE conducted a virtual site visit of a Feeding Our Future food site restaurant. It was reported that during a 15-minute virtual site visit, MDE employees observed 30 meals being served to children. Aimee Bock's [phone] died during this visit, and **Feeding Our Future later claimed that an additional 1,800 meals were served in the next hour at that site.** If that were reported to you as MDE Commissioner, would that have been concerning?

A. If that was reported to me, yes, I would have been concerned by that.

Q. Is 1,800 meals in an hour plausible for a single site like that?

A. I appreciate that question. **I think of our most ambitious large schools going through 1,800 students in an hour, and that is a really efficient cafeteria. Like, hyper. Like, it would have -- it's hard to do. Yes.**

Q. And it would be really hard for a single restaurant?

A. **I would think so.**

Q. And with your experience as a teacher you would have seen these school operations firsthand, so you have that firsthand way of comparing the two. Is that correct?

A. Yes. It's probably an imperfect comparison, but it's the most experience I have with lunchroom duty and things. You know, an 1,800 student school would probably have, depending on the size of their cafeteria, at least four lunch periods. And if those lunch periods are 20 minutes to 30 minutes, you know, doing the math, that would take almost 4 hours, with passing time a little longer.

This corresponds with the cited material in footnote 233.

MDE Director of Nutrition Programs Emily Honer (January 29, 2026)

Q. And just to clarify, MDE could not terminate funding unilaterally, right? It had to come from USDA?

A. Not exactly. So the regulations are very strict for these programs, is that there is a specific way to issue stop payment. Termination under the USDA regulations is a little bit different, meaning the termination of the program itself from that organization. So the stop pay we have to follow the Federal regulations for.

Q. So there's just no way to stop payment without the support of USDA?

A. **From their regulations, yes. And the regulations make it incredibly difficult to stop payment.**

In fact, I will say that it is easier for me to take back funds from a childcare provider who uses the wrong kind of rice, than it is to take back or stop payments from an organization I have concerns about.

This corresponds with the cited material in footnote 252.



From: Aimee Bock <[REDACTED]>
Sent: Friday, June 19, 2020 11:31 AM
To: Herrera, Monica (MDE) <[REDACTED]>; Butcher, Jenny (MDE) <[REDACTED]>;
Korte, Daron (MDE) <[REDACTED]>; Rhyddid Watkins <[REDACTED]>
Subject: Signed Agreement

This message may be from an external email source.

Do not select links or open attachments unless verified. Report all suspicious emails to Minnesota IT Services Security Operations Center.

Attached is my signed agreement for SFSP. I am also mailing the original signed copy to the MDE office.

Thanks,

Aimee

--

Aimee Bock
Founder/Executive Director
Office: 612.345.4922
Cell: [REDACTED]
Fax: 651.379.8752
www.feedingourfuturemn.org



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MDE015704

(Cont.)

Minnesota Department of Education	Food and Nutrition Service 1500 Highway 36 West Roseville, MN 55113-4266	SUMMER FOOD SERVICE PROGRAM - AGREEMENT - FOR PRIVATE NON-PROFIT OR PUBLIC NON-SCHOOL ORGANIZATION	ED-02372-04E
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GENERAL INFORMATION AND INSTRUCTIONS: This is an agreement between the State of Minnesota, acting through its Minnesota Department of Education (MDE), and the Sponsor Organization that is identified below and approved by MDE to administer the Summer Food Service Program (SFSP). This form is to be used by a private non-profit or a public non-school organization.

This agreement remains in effect until terminated by either party in accordance with Section 3.

Catalog of Federal Domestic Assistance Number for SFSP: 10559

SPONSOR ORGANIZATION IDENTIFICATION INFORMATION			
Sponsor Organization Name Feeding our Future		Sponsor ID Number (assigned by FNS) 2000010264	
Address 3055 Old Hwy 8 Suite 312	City Minneapolis	State MN	Zip Code 55418
County Hennepin	Email Address ainee@feedingourfuturemn.org		
Federal Tax I.D. Number of Sponsor Organization 81-4343304	Minnesota Tax I.D. Number of Sponsor Organization 4900773		
Sponsor Organization is (check one): ☒ Private Non-Profit - attach copy of IRS 501(c)(3) letter ☐ Public Non-school			

SPONSOR ORGANIZATION INFORMATION			
1. Describe racial and ethnic makeup (to obtain racial ethnic data for your geographic service area, visit the https://factfinder.census.gov/faces/main/jsf/pages/index.xhtml website):			
A. Racial and ethnic makeup of your geographic service area: (may be one or more county, city, census tract, etc.)		B. Estimated racial and ethnic makeup of your participants:	
Racial Makeup		Estimated Racial Makeup	
American Indian or Alaskan Native	1.1 %	American Indian or Alaskan Native	%
Asian	7.5 %	Asian	2 %
Black or African-American	13.6 %	Black or African-American	95 %
Native Hawaiian or Other Pacific Islander	.1 %	Native Hawaiian or Other Pacific Islander	%
White	74.4 %	White	3 %
TOTAL	100%	TOTAL	100%
Ethnic Makeup		Estimated Ethnic Makeup	
Hispanic or Latino	7 %	Hispanic or Latino	5 %
Not Hispanic or Latino	68.6 %	Not Hispanic or Latino	95 %
TOTAL	100%	TOTAL	100%
2. List any federal agencies, other than USDA, providing financial support to your organization or state "None": We are a CACFP sponsor of unaffiliated sites.			
3. Has this organization previously applied for or participated in any Child Nutrition Program (i.e. Child and Adult Care Food Program, National School Lunch Program, School Breakfast Program, Summer Food Service Program, Special Milk Program) in Minnesota or in any other state? We are an approved CACFP sponsor of unaffiliated sites in Minnesota.			

This corresponds with the cited material in footnote 254.

MDE Director of Nutrition Programs Emily Honer (January 29, 2026)

Q. So, when Feeding Our Future applied to be a part of SFSP, they self-attested that they were tax exempt. The IRS revoked that tax-exempt status on February 15, 2020, and posted this revocation on their website on May 11, 2020. This is in reference to page 83 for the OLA report. Are you familiar with this?

A. Yes. I do not agree with how it is worded, though.

Q. Why do you disagree?

A. I disagree with your statement of the self-attestation. Although Feeding Our Future does self -- or give us the information from their tax-exempt status, our staff as part of the application process do check that. At this time, we were using, I believe it was called GuideStar at the time. I believe it's changed its name to Candid, if I remember correctly. And Feeding Our Future's tax-exempt status was checked, and it was active. My second disagreement to how the OLA has this worded -- or is to how the OLA has this worded; although the tax-exempt status was reinstated, during COVID the IRS website was not up to date. It was significantly backlogged. And so the dates that the OLA, I believe, looked at well after the fact had been posted but were not posted in the timeframe that actually happened, if that -- I hope that makes sense.

Q. Do you know if MDE staff checked to verify if Feeding Our Future was still tax exempt?

A. It is my understanding that MDE staff checked the tax-exempt status through, again, GuideStar or Candid prior to the signing of the summer food service program agreement.

This corresponds with the cited material in footnote 255.

MDE Director of Nutrition Programs Emily Honer (January 29, 2026)
(cont.)

...

Q. Given that you said that the IRS' website had a backlog during that period, and so they were not up to date, did MDE, whether in this instance or any instances during that period, make another attempt to contact the IRS directly to get information about the tax-exempt status of an organization?

A. **No, and I believe we wouldn't because it wouldn't make sense to. When we check and a status is there, that doesn't raise a concern for us to further investigate the legitimacy of an IRS website.**

Q. But you were aware at the time that there was a backlog so that information could be outdated?

A. **I wouldn't agree with that. I would say that, again, during COVID there was a lot of backlog in Federal systems, among others. The backlog itself didn't cause a concern necessarily, no.**

This corresponds with the cited material in footnote 261.

Assistant MDE Commissioner Daron Korte (February 3, 2026)

Q. On April 29th, 2020, MDE approved the eight sites that were the subject of the draft lawsuit plus four additional sites. Why were these sites approved?

A. Again, trying to keep my recollection here of what happened five, six years ago, my recollection was that we had gone to USDA and said we denied these sites. We're getting threatened with a lawsuit here. Can you back us up, basically? Can you provide us something in writing that says that what we're doing is allowable under the Federal regulations so that we can show this to Feeding Our Future and hopefully get them to do what we want them to do without going through a lawsuit. And, again, **I think they were supportive generally of what we were saying we wanted to do, but they weren't willing to provide anything in writing. And we felt like without having that backup from USDA that we just didn't have firm enough ground to stand on to continue to deny those sites in the face of the threatened lawsuit.**

Q. But just to clarify, USDA did not affirmatively tell you to approve the sites, though?

A. That's correct.

This corresponds with the cited material in footnote 266.

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II

- Rep. Palmer. So, I want to ask you, Governor Walz, is it true that your Department of Education was sued by Feeding Our Future for racial discrimination in approving food sites?
- Governor Walz. **I don't know exactly what they were sued for, but I know there was a suit.**
- Rep. Palmer. Didn't the Department of Education have serious concerns about fraud, though, in Feeding Our Future and their sites as far back as 2020?
- Governor Walz. That is correct, Congressman. They brought it to the attention of the USDA.
- Rep. Palmer. And didn't your Department of Education determine there was fraud occurring because of incredibly large, implausible reimbursement request?
- Governor Walz. Well, I think at the time during the COVID pandemic, there was how these meals were being delivered and what safeguards because as you know, the USDA changed the rules on these to make it easier for food to get out.
- Rep. Palmer. **Yeah, but one of the fraudster sites, Safari Restaurant, claimed that they served the same number of meals in one month as the entire St. Paul School District. In their transcribed interview, your Commissioner of Education said that this would be impossible. Governor Walz, you were an educator. Is it plausible for a single restaurant, whose owner has already been convicted and is in jail for fraud, was actually serving that number of meals?**
- Governor Walz. **I think that is why he went to prison, if I am not mistaken.**
- Rep. Palmer. Yeah, but the question would be, why didn't the state of Minnesota- -- wasn't that a Federal conviction?
- Governor Walz. It was turned over by the State. It was a State that found it. The folks at the Department of Education turned it over with our Federal partners, and they prosecuted them.

This corresponds to the cited material in footnote 275.

MDE Director of Nutrition Programs Emily Honer (January 29, 2026)

Q. So, on April 13th, 2021, Feeding Our Future filed another motion in Ramsey County District Court.

Were you familiar with the second phase of this lawsuit around this time?

A. Not that I can specifically remember, but I feel like I was involved with the lawsuit.

Q. Do you know if it was about MDE's decision to stop payment?

A. Not that I can specifically remember, but it could have been because of the timeframe.

Q. Do you remember if the judge actually issued a final ruling in that case?

A. The judge -- and I just want to clarify if you are still speaking to the stop-pay issue. Right?

Q. Yes.

A. **So it's my understanding that the judge did not make a final ruling on the stop-pay.**

Q. And with the stop-pay, the court determined that that was actually outside the jurisdiction. Does that sound right to you?

A. That sounds correct.

This corresponds with the cited material in footnote 277.

Assistant MDE Commissioner Daron Korte (February 3, 2026)

- Q. I'll ask another. So, after MDE expressed to USDA that Feeding our Future should be terminated from funds, what was USDA's response?
- A. I guess it depends on what the timeframe was because, you know, for a long time, it was just raising concerns and trying to figure out what our parameters were to kind of slow down the growth of their program. But then, once it got to the point where we knew that the FBI was involved, we knew that the U.S. Attorney's Office was involved, you know, any move to terminate them at that point would have jeopardized - potentially jeopardized the investigation. And so we were basically waiting- and saying, **"Okay. Like, FBI's going to come in. They're going to serve search warrants. We're going to have the evidence we need to shut them down now."** And we didn't know if that was going to happen in 2 weeks or 2 months, and it ended up being **8 months**. So, I mean, in terms of the termination, we didn't really get to that part of the conversation until - like I said, that I can -recall - until- after the search warrants were issued.

This corresponds with the cited material in footnote 282.

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part I

Mr. Hudson. Within the State of Minnesota, government oversight has been unable to keep up with program expansion due to a combination of factors. One, rapid expansion of funding and provider participation. Two, payment systems that prioritize access and speed. Three, verification mechanisms that occur after funds are distributed. Four, oversight capacity that does not scale with spending. And, five, diffuse accountability across agencies and contractors. This combination of factors has fostered a booming new sector of the economy that relies upon the continuation of and expansion of government programs to fuel private sector profits.

This corresponds with the cited material in footnote 284.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Was it common for larger organizations to pick up smaller providers or would that only happened a handful of times?

A. Handful of times.

Q. Were they ever asked to?

A. **I did reach out to one of the larger providers to see if they could do something about this last one I mentioned, just to take a look at it, and they did.**

Q. Had you done that before?

A. No.

Q. Is that something that DHS had ever thought of doing, that you're aware of?

A. When we first started dealing with the Bridges issue, we heard because they were in discussion with a Texas organization, and we waited for that to be completed and then it fell through. And then all of a sudden, this Dungarvin organization came in and acquired it, Minnesota, without any conversation with us.

But after I saw that, when this other one happened, and it was a pretty urgent situation, I called the largest disability provider in Minnesota to see if there's any chance they could take a look at it, and they did it.

...

Q. **So just continuity of services just under a larger provider?**

A. **Yes.**

This corresponds with the cited material in footnote 285.

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part II

Mr. Timmons. Mr. Chairman, I am going to enter this in the record, "Roadmap to Program Integrity and Fraud Prevention." It is a report, Mr. Chairman?

...
Mr. Timmons. This report relays that several current and former Department of Human Services employees have described messaging from DHS leadership that emphasize compassion over compliance. **So, the former leaders have said that DHS should be guided by 70 percent compassion and 30 percent compliance. And then in 2023, public presentation, leadership encouraged employees to embrace a 60/40 mindset. Again, that is 60 percent compassion and 40 percent compliance.** I want to have as much compassion for people that need social safety nets. Like, I want to have a percent compassion, but we also have to have a hundred percent compliance --

Governor Walz. Right.

Mr. Timmons. -- or work as hard as we can to get there. And as you sit here today and after acknowledging how widespread and pervasive fraud is in Minnesota, how should your State employees prioritize program compliance? What is your message to people now relative to this compassion compliance ratio?

Governor Walz. Well, I think I agree with you on this, Congressman. I don't think it is an either/or choice. We are not going to stop these programs. We are not going to stop being the top State for children in the country, but we need to make sure if we are going to continue those programs that we need to have fraud prevention and program integrity in. So, I agree with you. It is not an either/or, and it is not a percentage.

This corresponds with the cited material in footnote 289.

Former Assistant DHS Commissioner Eric Grumdahl (February 12, 2026)

Q. Were there any examples of these entities that were submitting this eligibility plan being connected to or the same entities that would provide housing for these individuals?

A. So, under Medicaid regs -- under Medicaid regulations, in general, that assessment function for a home- and community-based service needs to be different from the ongoing service provider.

There are exceptions in places where there simply aren't two providers that are operating or there are services that are being delivered in a culturally specific way that we don't have two different providers in the same area that can do that service. There are exceptions that DHS could authorize to say, we're going to let the same entity that delivered the assessment also deliver the ongoing service. But, in general, those were two different entities. And I think part of what the ongoing analysis of the program has been, the extent to which that was one of the vectors that was used to raise concerns about program integrity.

Q. So DHS did authorize in specific areas these verifying entities who were also providing housing services?

A. Yeah, it was -- I would say that's a limited -- I don't know the total number of cases where that happened, but that was a small percentage of the total program.

Q. Do you know which areas or communities these entities operated in?

A. I don't. I suspect it's, you know, to some degree statewide, but I don't know.

This corresponds with the cited material in footnotes 290 and 291.

Former Assistant DHS Commissioner Eric Grumdahl (February 12, 2026)

Q. And do you remember when the first conversation would have occurred regarding fraud or program integrity concerns within your jurisdiction at DHS?

...

Q. Would that have been 2022?

A. I wouldn't feel confident pinning it to -- because I, you know, started in August of 2022. **I don't know if it would have been 2022 or into 2023, but I'm certain within those 2 years.**

...

Q. What kind of recommendations, if any, would you make about HSS concerns?

A. So, you know, a lot of the strategies to strengthen **HSS's program integrity were ones that my team and I helped develop as part of the 2025 legislative session.** I was involved, as I mentioned earlier, in the agency's consideration of elevating the risk level for the program from limited risk to high risk. And so, a lot of places where my team had input and provided guidance or feedback or suggestions.

This corresponds with the cited material in footnote 292.

Former Assistant DHS Commissioner Eric Grumdahl (February 12, 2026)

Q. Can you provide an example of some of those early concerns that you were raising to your superiors?

A. Sure.

Q. In any role you had at DHS.

A. Sure. Yeah. This likely would have been in my initial role at the agency. I think as we heard concerns about specific providers that were submitting claims that didn't -- or submitting -- more often my team would have visibility into applications that were being submitted on behalf of somebody to establish their eligibility for Housing Stabilization Services.

I remember one instance -- I don't remember the exact timing of this, but I remember one instance where **my team identified some irregularities in the paperwork that raised questions about whether they had been forged.** And so those would be the kinds of things that, in addition to the report of the Office of Inspector General, I imagine that I briefed Commissioner Harpstead about those details. I don't remember the specific conversation or the timing, but that's the kind of thing that I would lift up as an example.

Q. What were some of those irregularities that you were seeing on the paperwork?

A. **Signatures validating somebody's needs that didn't appear to kind of align with what would have been possible for those signatures to have been completed.** I wouldn't want to specify on the record too many details about that because this is an area of ongoing investigation.

This corresponds with the cited material in footnote 296.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Did DHS allow providers in Housing Stabilization Services program to be unlicensed?

A. The decision is with the legislature. So the legislature, my understanding, sets the parameters for whether a program is licensed or unlicensed. That requires funding, staffing, structure, et cetera, when the legislature sets our budget and staffing.

...

Q. Did DHS, at any point since this program's design, raise concerns to the legislature that providers not needing a license to participate in this program left it more susceptible to fraud?

A. **I wouldn't -- I didn't have knowledge of that before being put into this role of temporary commissioner.** I know that as a matter of course, routinely, DHS has gone back with program enhancements and strengthening program integrity measures in many programs. Whether that was one of them or not I don't know because I wasn't involved in it.

This corresponds with the cited material in footnote 300.

Former Assistant DHS Commissioner Eric Grumdahl (February 12, 2026)

- A. A really obvious example is that it is an unlicensed service. **A provider does not -- is not required to have or maintain a license in order to deliver that service, or wasn't required to have or maintain a license.** And, in part, that's because there isn't a licensing or credentialing structure for a service like that. As you may know, Minnesota was the first State in the country to have a benefit like this, and so, not a lot of models that we were able to draw from around building the benefit when it was established and certainly not a licensing structure that would have been helpful there. The benefit of licensing from a program integrity perspective is that it is a very severe consequence for a provider. If they are found to do activity that jeopardizes their license, it means that they can't practice in their field of practice anymore, which for most providers, is a really significant deterrent to unlawful behavior.

This corresponds with the cited material in footnote 302.

Former DHS Chief Financial Officer Dave Greeman (February 9, 2026)

A. We do have -- you know, certainly, we need the legislature to give us the authority to do certain things. We need the funding to do the things. So, you know, within -- I think within the ability that we had and the work that we could do, I think we did -- I should say we did -- we certainly at the time were doing the best that we could. Could we have done more, could we have done better, you know, I think, you know, it could have been something we could have focused more on. I think that I -- what I will say, though, is you're managing within your -- you're managing within the resources and authority you have, and given those things, I think that's what we -- I think we did do the best we could. So we could have done more, but I think we needed more resources and more financial support to do that, or more authority probably to do better.

...

\$25 billion represents the amount of money that are in the programs that we operate. It doesn't represent the amount of money that we have to actually operate our agency and do those things. **DHS' overhead, if you will -- IT, staffing -- is around 2 percent.** That is tiny. So that, again, gets at this issue of resources. I think we did the best we could.

This corresponds with the cited material in footnote 304.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Who does the IG report to within DHS?

A. Right now the Inspector General reports to me.

Q. Has the Inspector General always reported to the commissioner, or has that ever been different?

A. I don't have knowledge beyond my time at DHS, but it has reported to the commissioner or the deputy commissioner in my time.

This corresponds with the cited material in footnote 305.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Are you briefed on specifically what information goes to the U.S. Attorney's office from the Inspector General within DHS?

A. **No, I'm not aware of the specifics of what's in the files.**

Q. Have you ever been briefed on it?

A. In detail, no.

Q. But generally you understand that the IG talked to the Department of Justice about the potential for fraud in DHS programs?

A. I am aware that our Inspector General, since February -- **I'm not aware of what happened before February because it didn't report to me** -- but since February, I am aware that the USAO has asked for information and that our team has provided information.

And with housing stabilization services, I know Inspector General Clark provided case files to, MFCU is what we call the AGO's Medicaid Fraud Control Unit, and whether that also went directly to the USAO or not, I don't recall.

This corresponds with the cited material in footnote 306.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Do you know if any other program -- do you know if the Inspector General reported to the USAO regarding any other programs that DHS would administer?

A. They routinely report whatever they find.

Q. Are you aware of any specific reports they made?

A. Again, you're asking me a very general question, and they are routinely telling me generally about their investigations and what they, you know, at a high level, what they are referring. So they're -- I'm aware that they are referring cases in many of the high-risk programs. And **to the degree that there are cases that are not in the high-risk programs, that they've investigated and established a credible allegation of fraud, they would report that within 24 hours to the Attorney General's office.**

Q. What does "a credible allegation of fraud" mean within that context?

A. That's defined in Minnesota statute.

Q. Do you know what that is generally?

A. I would ask you to look at the statute. I'm not an expert on the definition and how any case law has defined it since then.

This corresponds with the cited material in footnote 309.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

- Q. Did you have any direct communication with Mr. [Chuck] Johnson regarding specific fraud concerns within any of the programs he would oversee?
- A. He also had the inspector general reporting to him. So if there was something major going on, he would tell me about that through them.
- Q. Do you remember any instances where that occurred?
- A. Not specific instances.
- Q. Do you remember the general nature of what he would say OIG was looking into?
- A. **Perhaps to tell me that something was about to happen that could make it into the press so I would know before I heard about it somewhere else.**

This corresponds with the cited material in footnote 313.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Do you recall on January of 2025, at the same committee hearing, providing legislative recommendations to the committee that you were testifying before?

A. I can't recall if that was part of that or not.

Q. Do you recall having any concerns about there being any kickbacks in any DHS programs, specifically providers providing kickbacks to enrollees in order to incentivize them to be enrolled in their programs?

A. Uh huh. That was the NUWAY issue that we talked about earlier.

Q. Do you recall there being a mechanism for DHS to suspend payments to providers that it knew were providing kickbacks to enrollees?

A. Our Inspector General's office was working with their Federal counterparts in that case to resolve the issues with NUWAY. So they were all part of an investigation process with them, they were coming to a settlement with them, and made all those decisions in the normal way that they did their work together.

Q. And outside of NUWAY, **if a provider was found to be providing kickbacks to enrollees, would that have been sufficient to stop payment, or there be any sort of disciplinary action towards that provider?**

A. **I'm not sure about that. I'm clear about finding fraud. But Minnesota didn't have a kickback statute until then, and after that all happened we asked Minnesota to pass a kickback statute, too.**

But our Federal partners were telling us that it was a Federal kickback as far as they were concerned, but they were also in the process of finishing the investigation and developing a settlement with NUWAY.

Q. So there's a Federal anti kickback statute, correct?

A. Yes.

Q. And that existed at that time?

A. Yes.

Q. Was that not sufficient?

A. **I'm not sure.**

This corresponds with the cited material in footnote 316.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

A. So making sure that we have the authority to do things is important. And there are things that we sometimes have the discretion to do. And sometimes there's a difference of opinion about whether DHS has the discretion or authority to do something or not.

One of the items I'm aware of is whether DHS had the authority to take action solely on kickbacks. I think that's still an unsettled question. There's a difference of opinion across lawyers in Minnesota whether that is the case or not. But in any case, the legislature passed legislation to allow us to take action based solely on kickbacks.

Q. And would that have been like Minnesota passing their own version of the, like, anti kickback statute?

A. Uh-huh. Generally, yes.

Q. Do you know when that was?

A. Last session. 2025 session.

Q. But prior to then, DHS was not clear if it had authority to act on kickbacks?

A. It -- this would be my understanding from our attorneys -- and I'm not an expert. Although I'm an attorney, I'm not an --

...

Yeah. What I was going to share is what was discussed in committee, and our -- **our Office of Inspector General shared that their understanding was that they could address kickbacks in the instances where it fell into other statutory frameworks that were similar. But if it was a solely kickback alone that didn't fall into one of the areas that they could take action in statute related to fraud, that then they sort of had their hands tied.**

This corresponds with the cited material in footnote 326.

Former DHS Chief Financial Officer Dave Greeman (February 9, 2026)

Q. During your time as the CFO, did DHS allow for self-attestation for any Medicaid or social services programs it would administer?

A. That's not something I would know, so I don't recall. I don't know for sure.

This corresponds with the cited material in footnote 333.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Do you know if during your time as commissioner DHS allowed for self-attestation in any of the Medicaid or other social services programs it would administer?

A. I don't know.

This corresponds with cited material in footnote 334.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Ms. Harpstead, I just want to take a step back here. Earlier you had mentioned that there were, to your understanding, some sort of connections between the Feeding Our Future indictments and some programs at DHS. Can you just generally describe, to the best of your recollection, what that situation looked like and what happened?

A. After Feeding Our Future happened, we wanted to be sure we understood whether there was any connection between people indicted and Feeding Our Future and DHS services, and we found people who were providing services for DHS who had been indicted in Feeding Our Future.

So we went through -- we went through the court records from the Feeding Our Future work in collaboration with the Attorney General's office. We looked at every Child Care Assistance Program dollar, every Medicaid dollar, every grant that they might have been involved with to see what their involvement was. We found zero fraud in DHS by the people that had been indicted in Feeding Our Future. But **because of the preponderance of evidence in the court records, we did disqualify individuals from working in DHS programs for 15 years, and we stopped payment in some of the organizations.**

This corresponds with the cited material in footnote 336.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

- Q. Do you know what the recoveries look like for overpayment with the ICS program?
- A. I do not know what recoveries look like for the ICS program. I know over the past 5 years DHS has about \$50 million in recoveries across numerous programs in Medicaid.

This corresponds with the cited material in footnote 340.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. So just to clarify, just to make sure I heard you correctly, you had a meeting -- DHS had a meeting with the Attorney General's office and the Bureau of Criminal Apprehension around May of 2025? Is that correct?

A. Uh-huh.

Q. And during that meeting, you came to a conclusion that DHS would update their policy around stop payment. And the new payment -- the new policy would be that DHS could stop payment after consultation with law enforcement? Is that correct?

A. I believe the way the practice works -- I'm not sure it's memorialized in policy, it may be, I just don't know -- the way the practice works is that when DHS has established a credible allegation of fraud, they check with their counterpart at law enforcement to see if there's any reason that we shouldn't stop payment.

Q. So then does that mean that after May of 2025, your office has had to make some sort of contact with either local law enforcement or the Attorney General's office every time you've wanted to stop payment?

A. They are in contact with them every time anyway.

Q. Okay.

A. Because that's the way the process works when you are referring a case with a credible allegation of fraud. They are in contact all the time.

Q. Thank you for clarifying. **Are you aware of any instances where law enforcement told DHS, "Hey, you know, don't make this stop payment"?**

A. **I am not.**

Finding #3

This corresponds with the cited material in footnote 341.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

- Q. Thank you. And a minute ago you mentioned that you would brief the governor when you would take action against a provider.
- A. Uh-huh.
- Q. Was the governor notified every time you took action against a provider, or was that just like an update every time you have a meeting?
- A. Yeah. I didn't say "a" provider. I said providers, and we give him a general notion, for example, that, you know, we're placing X number of stop payments on these provider sectors, so that he is aware, because, you know, he can be -- **you know, the providers get upset about that sometimes. They reach out to the Governor's office. So it's just important for him to be aware when we're taking action.**

This corresponds with the cited material in footnote 343.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Did you ever have any issues with advocates or providers pressuring DHS to approve grants or continue grants?

A. **There was always pressure by advocates and providers to extend and continue grants, yes.**

Q. Did you ever feel that -- or did either you or individuals who were handling those grants ever feel that the pressure was too great?

A. **There were certainly days like that. I'm not sure what you're getting at.**

Q. I mean, in general, would you say that providers then were, you know, a pretty strong lobby then to DHS?

A. Uh-huh.

Q. **Would they contact, you know, your assistant commissioners, you know, people directly?**

A. **Some. A lot of them spent all their time at the legislature, and then we would have the legislature -- legislators asking us to get things done and get them done faster and that sort of thing.**

...

Q. **Did you ever receive calls from the Governor's office about them having heard from providers or advocates?**

A. **Some. Just in regular calls with the deputy chief of staff for commissioner affairs. Sometimes they ask us to follow up with a person they got the call from and see what their concern was and deal with it.**

...

Q. **Did you get the impression that Ms. O'Connor or those above her in the Governor's office cared a lot about what these providers thought about the actions that you were taking?**

A. **Well, they were very responsive to the community and wanted to be sure we heard what they were hearing.**

This corresponds with the cited material in footnote 344.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Was there a specific subset of the provider community that was particularly vocal in their raising complaints about receiving grants -- or not receiving grants, I should say?

A. It varied across the board. Sometimes people who had been in their advocacy roles the longest, you know, and were the most well-known and respected would be the ones that would come forward the strongest.

Q. Were they part of a particular provider community or was that just spread out across?

A. Spread out across.

Q. Did you ever receive complaints from a provider community about DHS discriminating against certain providers because of their race or country of origin?

A. Can't think of one.

Q. **And did you ever receive complaints from providers that DHS was discriminating against them because of the race or country of origin of the clients they served?**

A. **No.**

This corresponds with the cited material in footnote 345.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. You said that Ms. O'Connor would inform you about complaints that the provider community had brought to her attention. Did Mr. Schmitter ever, when you were meeting with him prior to Ms. O'Connor's assumption of her position, did he ever bring those types of concerns to you?

A. Sometimes.

Q. Can you give us a specific example of when that happened?

A. **He would talk about someone he'd met with who's a strong advocate and ask me my side of that story or if that was true or it was -- you know, we're looking at that and just wanting to make sure we were aware of it and taking care of whatever it was.**

Q. Did any program specifically come to mind that Mr. Schmitter would have talked to you about in that context?

A. The nursing homes were a pretty active group, for example, but there were a lot of very active groups. The mental health groups were pretty active, disability providers.

Q. And were those providers being funded through Medicaid or were they some sort of other, you know, grant, or just did you know what kind of program those providers came from, if you remember?

A. **Well, people come in to educate strongly with the Governor's office all of our programs, and most of those are Medicaid programs.**

This corresponds with the cited material in footnote 350.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. And when he reported, when Chuck Johnson reported issues that were then covered in the media or he suspected would be hitting the media, did you report those to anyone, Governor Walz or anyone in his office?

A. Usually the deputy chief of staff for commissioner affairs.

Q. And that's O'Connor?

A. Yeah.

This corresponds with the cited material in footnote 352.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Is there a particular group that comes to your mind that you experience a lot of pushback from that would be outside of the regular pushback you receive?

A. I would say that it doesn't matter what community the provider is, I've had pushback.

Q. Is there a particular community that's been more vocal than others?

A. No. Providers.

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part I

Ms. Rarick.

Right. So, I was elected in 2013, started serving then, and I literally have heard about fraud since 2013. And I will tell you, **every time that it was raised in a committee by myself or my colleagues, we were essentially called racist and Islamophobic or that the fraud really was not happening.**

I remember with the daycare fraud when there was credible allegations that it was \$100 million back in 2013, 2014, 2015, somewhere in there, they prosecuted closer to \$5 to \$10 million. And so instead of the \$100 million, that was what was prosecuted. And so, Democrats would say, well, it is really not. It is really not 100 million. It is really just a couple.

And so, I know that we had a gentleman behind us come and testify in front of us, and he had a tracker, and they spent the entire time besmirching his good character as opposed to actually talking about the fraud. And that is what we have experienced nonstop every day.

This corresponds with the cited material in footnote 411.

Oversight of Fraud and Misuse of Federal Funds in Minnesota: Part I

Ms. Robbins.

So, for example, there was an effort for the Child Care Assistance Program—they have a “clear and convincing evidence” standard to disqualify someone from being a provider, where all the other programs are a lower standard, “preponderance of the evidence.” **There was an effort to make this a lower standard, so it was easier to disqualify people, to “preponderance.” And the Minnesota Minority Childcare Association, which was run by a group of Somali providers, opposed it, and DHS went along with their recommendation.**

This corresponds with the cited material in footnote 434.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. What were the circumstances around your departure?

A. I decided to leave as -- after we had given the Governor the fraud package for his budget and it was clear that we were going to need to turn more attention to that issue, **I talked to the Governor's team one day and said that I'm not sure I'm the best person to take it from here.** I did not have a background in fraud. I was not a lawyer. It wasn't my background or my career. And I had been hired for being able to manage a large organization and innovation and understanding human services, and we're getting into a space that was not my forte and thought I should probably step away. And then I thought about it longer and finally decided that I would, so I stepped away myself February 3rd.

Q. At the time that you made that decision or that you had this meeting with the Governor's team, did you know the scale of what sort of fraud was going to be uncovered at DHS?

A. No, I didn't.

Q. Did the Governor's office push back on your decision?

A. **The Governor's team said that the Governor preferred that I stay. And I said, well, I really appreciate that, but I may step away anyway.**

Finding #4

This corresponds with the cited material in footnote 445.

Former Assistant DHS Commissioner Eric Grumdahl (February 12, 2026)

Q. Were you aware of any instances of providers traveling from other States to Minnesota to participate in the HSS program?

A. Not prior to recent coverage of that.

Q. What knowledge do you have of that recent coverage?

A. I am aware that two individuals, I believe based out of Philadelphia, have been charged and have pleaded guilty, I believe, to defrauding the program.

Q. Okay. So I think we're talking about the same thing then.

A. Okay. So, again, when my team or other entities -- managed care organizations, other community partners again, **DHS's, kind of, fraud hotline is available to anybody to report. When those reports go in, the process of having them be investigated is really handled within the Office of Inspector General, not something that my team has visibility or involvement in.**

This corresponds with the cited material in footnote 457.

From: Kristin Robbins [REDACTED] >
Date: April 10, 2026 at 6:10:14 PM EDT
To: [REDACTED]
Subject: Meeting with Commissioner Harpstead

Hi [REDACTED],

I met with Commissioner Harpstead on Wednesday, January 29, 2025. The purpose of the meeting was to discuss the work of the DHS' Fraud Division. I was the new Chair of the House Fraud Prevention & State Agency Oversight Committee and I wanted to meet with Commissioner Harpstead about what DHS was doing to address fraud. She had already announced her resignation and had declined to testify in our committee, so I wanted to meet before her planned departure from state government. She told me she planned to go to France right after her retirement.

It was clear from the meeting that their priority was not wanting to stop payments to those suspected of fraud – even though they had the authority to sanction providers, including stopping payment, for “credible allegations of fraud.” Reasons given:

- Can't stop payments or people will lose services
- Can't stop payment as a federal investigation is underway and don't want to tip them off while they build their case;
- Can't stop payment as the organization is being sold to someone else so new owner will be better and they don't want to stop services to clients

There had been recent local investigative reports about fraud in sober homes and autism services, so we generally discussed those issues, as well as older issues involving overpayments to tribes that had been the subject of a federal investigation. That morning, I just seen a story from KSTP that had aired the night before talking about 64 new investigations into CCAP fraud, which was stunning at the time. I, like most Minnesotans, had thought the CCAP fraud had been largely dealt with after the 2019 OLA report and it

(Cont.)

was shocking, given all of the other fraud stories that were coming out, to hear this was yet another vector of fraud that had re-emerged.

When I asked her about, she seemed surprised – as did her Gov't Relations staffer, Kristy Graume. Kristy got on her laptop and started looking for the story and I either told or showed them the press release put out by their own Department.

We went on to talk about the recent reports of fraud in autism centers and she said the two centers that had recently been subjects of search warrants were the only documented cases of fraud in this area (now we know that 90% of the autism centers in fee for service (administered by DHS) were flagged for potential fraud).

Those are my recollections of this meeting. Please feel free to reach out if you have any questions.

Kristin

Rep. Kristin Robbins

House District 37A

Proudly representing Corcoran, Greenfield, Independence, Loretto, Maple Grove, Maple Plain & Medina

239 State Office Building

St. Paul, MN 55155

[REDACTED]

[REDACTED]

Subscribe to my [weekly email update here](#)

This corresponds with the cited material in footnote 461.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Was there a hotline or a tip line in the DHS OIG office?

A. I'm not sure. I'm not sure. I know they got a lot of tips, but I don't know if there was a specific central location for those.

Q. So during your time as DHS commissioner you were never aware of a DHS OIG hotline or tip line?

A. No. I just heard about a lot of tips.

Q. Within the DHS OIG's office, Chuck Johnson would have reported those tips to you?

A. Not usually. They just took care of them most of the time.

Q. So how did you hear about a lot of tips from the DHS OIG's office?

A. Well, sometimes when something got to be a big deal and they were going to ask me about it at the legislature or whatever, they would give me a briefing on the whole thing. And it all started with this tip we got, and that's how I got it.

This corresponds with the cited material in footnote 462.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

- Q. So who answers that fraud line or tip line? Do you know?
- A. I know the office that answers it. We have two. One is answered by the Office of Inspector General, and the other is answered by the internal audit division.
- ...
- A. To my knowledge, both functions have had a way for people to report concerns to them.
- Q. Do you know if those tips are recorded on that line? Or are they erased? How does that work?
- A. I don't know.
- Q. Who would know?
- A. The Office of Inspector General staff, and the internal auditor, if you're asking about the internal audit line.
- Q. Do you know whether those calls are verified by an independent third party?
- A. I'm not clear on that question.
- Q. Does anyone outside of DHS listen to or review the calls from the tip line?
- A. I am not aware if that's a general practice, if that's your question. Currently, our Office of Inspector General is working with an outside vendor on tip line backlog and process going forward.
- Q. So is that -- so the tip line backlog, is that something you encountered when you stepped into your role as temporary commissioner?
- A. It's something I became aware of.
- Q. Something you became aware of. What did you learn about the hotline/tip line backlog when you stepped into your role as temporary commissioner?
- A. That there was one, and that the team reviews and screens tips to work on those that are most actionable first, and that they are working on clearing the backlog and putting improved processes in place to handle the volume of calls and tips they get.

This corresponds with the cited material in footnote 466.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. But specifically were you aware that Commissioner Harpstead testified there were often more rumors about fraud than actual fraud?

A. That's what people usually bring up to me.

Q. Do you agree with that statement?

A. I -- what I think -- what I think she was saying there is that she did not have -- she had vague allegations of fraud, because I have experienced that as temporary commissioner. I wouldn't say there are more rumors of fraud than fraud. That's not the way I would put it, but I think I have also received vague allegations that are tough to deal with, and like I mentioned, that's why we've come up with other strategies to root out the bad actors.

Finding #5

This corresponds with the cited material in footnote 473.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Well, I guess we can ask about -- well, does DHS investigate employees in any other context aside from HR investigations?

A. I don't think so.

Q. Then in that case, does DHS contract with outside entities to conduct those investigations, or is that all done in-house?

A. I believe that it happens both ways.

...

Q. Are you aware of DHS hiring any outside law firms to investigate employees?

A. Whether the outside investigators are attorneys or not, they may be. I don't know.

This corresponds with the cited material in footnote 474.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Do you know if DHS would engage outside entities to investigate employees?

A. I don't believe so.

Q. Does DHS investigate employees?

A. Investigate employees? If an employee was complaining about another employees, we would investigate the situation.

Q. Would you use outside entities to do that?

A. Sometimes, just for capacity.

Q. What kind of – are we talking private investigator? Law firm?

A. HR firms. People that specialize in doing the same kinds of things that our HR department did.

Q. What kind of – I mean, are there a lot of HR firms that you had at your disposal for that or were there a few that –

A. I don't know who they hired. HR did that.

...

Q. Were you aware of DHS engaging outside law firms to conduct these investigations?

A. I was aware of us hiring outside people to add to our capacity to do investigations. I don't know that they were law firms.

This corresponds with the cited material in footnote 476.

Then-Temporary DHS Commissioner Shireen Gandhi (February 17, 2026)

Q. Okay. At any time while you were at DHS, did you ever check in, meet with regularly, or otherwise have specific interactions with employees who reported fraud concerns?

A. I am aware of one.

Q. What is that? Could you expand upon that?

A. Of an employee that I met with about fraud concerns. I am aware of Faye Bernstein, who reported fraud concerns, and interacted with her after the fact. I did not have direct interaction with her when she initially reported the concerns.

Q. When was this?

A. Sometime when I was chief compliance officer, so 2019 maybe, 2018, 2019.

Q. So what was the nature of you meeting with Ms. Bernstein? Were you asked to do this? Did you do this on your own?

A. What I recall -- and this is some time ago -- but what I recall is that when Faye was coming back from investigatory leave, she came into the contracts and legal compliance division. I welcomed the additional staff because our contracts and legal compliance division was stretched thin with the number of contracts that we had. In addition, Faye shared concerns with me that she felt were still not resolved, and so, I took each of those concerns and worked them through to the end, sharing with her what I learned each step of the way until, you know, each matter was addressed or taken to its natural conclusion.

Q. What were some of those concerns she shared with you?

A. I knew you were going to ask me that. I can't -- I can't recall exactly, but, you know, AMHI grants were one of them. It was, you know, just, you know, good questions, good concerns that she wanted addressed, and as chief compliance officer, I made sure whoever needed to looked into them, and we either resolved them or realized it wasn't an issue, or the information she had been given by somebody else was wrong, you know, whatever it was.

This corresponds with the cited material in footnote 484.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Did you ever check in, meet with regularly, or otherwise have specific interactions with employees who reported the misuse of funds in DHS-administered programs?

A. I don't believe I did.

Q. Were you aware of anybody under you doing this?

A. No.

Q. Were you ever aware of meetings with employees who reported concerns about fraud in DHS programs being brought in for in-person meetings?

...

Q. Were you aware of any DHS employee who reported concerns about fraud during your tenure being brought in for an in-person meeting?

A. **No, but I probably wouldn't have known about that. If the team was doing their jobs, I wouldn't have necessarily known about that step in the process.**

Q. Were you aware of any of these meetings happening with people under you?

A. No.

This corresponds with the cited material in footnote 486.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Did you ever have any sort of all-hands meetings? Like a Department- or agency-wide meeting that you would lead to discuss certain topics?

A. For everyone?

Q. Yes.

A. No. 7,000 people. No.

...

Q. Did you ever record any messages that discussed fraud or program integrity concerns that were sent to the entire agency?

A. I can't remember. I used -- during COVID, I was recording a weekly video message to all employees, and I can't remember if any one of them touched on fraud concerns.

Q. Did you ever record a message that was disseminated to the entire agency that addressed any sort of concerns that employees had brought to your attention or to DHS leadership?

...

A. I'm not certain.

Q. Did you ever send a communication to all employees at DHS about this anonymous group that we talked about earlier?

A. I can't remember if I did that or not.

This corresponds with the cited material in footnote 489.

Former Assistant DHS Commissioner Eric Grumdahl (February 12, 2026)

Q. Are you aware of instances of DHS leadership seeking to find the locations of employees who are sending emails that are critical of DHS leadership?

A. So I'm aware of an email that one colleague sent indicating a desire to identify individuals using their IP addresses, and as a result of that, he was told not to engage in that way or to engage in that way with that group of individuals that were reporting concerns.

Q. Which colleague was this?

A. This is Emmanuel Nwala.

...

Q. Did you receive the email that he sent?

A. I did.

...

A. -- I can recall the fine details. But Emmanuel and other staff had been personally targeted by a group of individuals that were kind of communicating anonymously and raising concerns but also delivering some really scathing and hurtful messages to select staff, including Emmanuel, and **he responded indicating that he was going to leverage some previous experience to be able to locate who was sending these messages.** And I followed up with him and indicated to him that that was not helpful or appropriate and that I didn't want him to be doing that in the future.

...

Q. When you say previous experience, what does that mean?

A. I think that was the language that he used, but **he talked about some of his previous experience in the military and being able to leverage some kind of military intelligence to be able to identify who was sending those messages.**

This corresponds with the cited material in footnote 493.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

- Q. How are you aware that Gary Johnson was taking these concerns seriously?
- A. Because he managed the confidential hotline that people could use to report them.
- Q. What do you know about the confidential hotline?
- A. That we had one. That we set it up in a way that people could report things that needed to be reported. And he would follow up and check in on things and make sure the right people had the right information to deal with things. How do I know he was doing his job?
- Q. Was there any documentation associated with this hotline? How would he -- how would Gary review information that came in through the hotline? Do you know?
- A. No.
- Q. Was it -- do you know if it was a database? Some database?
- A. I don't know.
- Q. So what was the purpose of the hotline? Was it -- was the purpose of the hotline for employees to report concerns?
- A. Yes.

This corresponds with the cited material in footnote 498.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

Q. Did Shireen Gandhi ever share any information with you about -- information of tips that came through the hotline?

A. I don't think so. I can't remember. I don't think so.

Q. So is it your testimony that you know the hotline existed but that's -- but you don't know anything else about it as far as what actions were taken to address issues that came through the hotline?

A. Gary was really a conduit. When he would see things on that, he would -- sometimes it was actually a personnel issue. **He would give it to HR.** Sometimes it was a fraud issue. He would give it to the inspector general, et cetera. And sometimes he would decide to do an internal audit of whatever the question was.

...

Q. To your knowledge, was anyone besides Gary Johnson involved in making the decision about referring information from the hotline to HR or to the OIG to conduct an audit? Was he the sole decision-maker?

A. I really don't know. He was free to ask Shireen for her advice, for example. Whether he did or not, I don't know or how often.

Q. Would Gary Johnson ever report information received on the hotline to you?

A. I don't know that he ever did that. I'm trying to think whether I ever heard anything directly off of that.

This corresponds with the cited material in footnote 507.

Former DHS Commissioner Jodi Harpstead (February 23, 2026)

- Q. Did he talk to you about any reports that he would have received from DHS employees about your performance?
- A. We had the group of concerned employees that were sending emails around that he would have talked to me about.
- Q. Could you expand on that? What do you mean?
- A. There was a group of employees that were sending around emails, raising concerns, a variety of different concerns in the Behavioral Health Administration, and he was getting them too.