

**WHEN PUBLIC FUNDS ARE ABUSED: ADDRESSING
FRAUD AND THE THEFT OF TAXPAYER DOLLARS**

HEARING
BEFORE THE
SUBCOMMITTEE ON CRIME AND FEDERAL
GOVERNMENT SURVEILLANCE
OF THE
COMMITTEE ON THE JUDICIARY
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED NINETEENTH CONGRESS
SECOND SESSION

WEDNESDAY, JANUARY 21, 2026

Serial No. 119-51

Printed for the use of the Committee on the Judiciary



Available via: <http://judiciary.house.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

WASHINGTON : 2026

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 - A fact check article entitled, “Here’s what’s happening with childcare fraud in Minnesota,” Jan. 9, 2026, *The 19th News*
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WHEN PUBLIC FUNDS ARE ABUSED: ADDRESSING FRAUD AND THE THEFT OF TAXPAYER DOLLARS

Wednesday, January 21, 2026

HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON CRIME AND FEDERAL GOVERNMENT
SURVEILLANCE

COMMITTEE ON THE JUDICIARY
Washington, DC

The Subcommittee met, pursuant to notice, at 10 a.m., in Room 2141, Rayburn House Office Building, the Hon. Andy Biggs [Chair of the Subcommittee] presiding.

Members present: Representatives Biggs, Jordan, Tiffany, Moore, Kiley, Lee, Knott, Cline, McBath, and Raskin.

Mr. BIGGS. Welcome, everybody, to today's hearing, and I mean everybody who is in here, and everybody who will come in here, is welcome to come in here and participate, and watch, and participate orderly.

Our hearing is on fraud and theft of taxpayer dollars. I now recognize the gentlewoman from Florida, Ms. Lee, to lead us in the pledge of allegiance.

ALL. I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation, under God, indivisible, with liberty and justice for all.

Mr. BIGGS. Thank you. I now recognize myself for an opening statement.

Today's hearing will examine the widespread and outrageous amount of fraud taking place in and around Minneapolis, Minnesota.

Minnesota has lost billions of dollars in State administered and federally funded programs, due to organized fraud. Fraud networks operating in Minnesota dating back more than a decade, have submitted over \$9 billion, that's a billion with a "B," in false claims.

Some high-profile cases in Minnesota include organizations and programs such as Feeding our Future, Early Intensive Developmental and Behavioral Intervention, Housing Stabilization Services, and Integrated Community Supports. Now, we're going to watch a video.

[Video shown.]

Mr. BIGGS. Fraud within these programs have involved false claims, fictitious providers, and services not rendered, highlighting the need for stronger verification, monitoring, and enforcement to protect taxpayer funds.

These fraudulent actions have robbed taxpayer funds intended to feed children, support individuals with autism, provide housing for low-income and disabled Americans, and deliver healthcare to Medicaid recipients.

Since 2021, the DOJ has charged 98 defendants in Minnesota-based fraud cases, 85 of whom are of Somali descent. Of the 98 defendants, 64 have been convicted.

DOJ has now undertaken extensive investigative action, which includes over 1,750 subpoenas, executing more than 130 search warrants, and conducting more than 1,000 witness interviews.

Since the start of the Trump Administration, the Federal response to fraud in Minnesota has intensified, following a series of high-profile cases involving State administered, federally funded programs.

One of the initial instances of high-profile fraud in the State involved the nonprofit Feeding our Future, which was at the center of a \$250 million COVID-19 related fraud scheme. As part of the scheme, fraudsters exploited Department of Agriculture USDA food programs designed to provide meals for children. Federal prosecutors ultimately convicted 57 defendants and described the scheme as the Nation's largest COVID era fraud.

The issue gained renewed national attention in late December 2025, following a widely shared YouTube video posted by one of our witnesses, Mr. Nick Shirley. Mr. Shirley's work highlighted suspected fraud in Minnesota childcare programs. His reporting prompted Federal authorities to intensify investigations, expand oversight, and coordinate multi-agency enforcement efforts.

A week ago today, Mr. Shirley released a second video that documented alleged fraud in the transportation industry, intended to provide rides for children, the disabled, and the elderly. Mr. Shirley uncovered companies with questionable addresses, and vehicles intended to transport children, the disabled, and the elderly, that remained idle for extended periods of time.

We look forward to hearing from Mr. Shirley about what he was able to uncover. How did we get here? Hopefully another witness, Scott Dexter, a former fraud investigator for the Minnesota Department of Human Services, can shed some light on that for us.

I'd be remiss if I didn't point out that this massive wave of fraudulent activity didn't just have the consequence of ripping off taxpayer. It has drastically impacted legitimate organizations that are truly helping their neighbors. Jennifer Larson is here today to share her story about how this massive fraud has crippled her organization that serves autistic children.

We'd like to think that these fraudsters will one day face justice, but it appears that is not always the case. For example, Yasmin Ali, a daycare and home healthcare owner charged with stealing millions from Minnesota taxpayers, after being granted bail disappeared before a trial and has not been located since.

That was more than a decade ago. The tentacles of this fraud ring are widespread and include crimes other than fraud.

For example, the aforementioned Yasmin Ali. Her brother, Adarus Abdulle Ali, pleaded guilty in 2009 to lying to a Federal grand jury about his knowledge of a group of young Somali men in Minnesota, who traveled to Somali to fight with Al-Shabaab, a foreign terrorist organization against the transitional Federal Government of Somalia.

We can also consider the fact that at least \$700 million in U.S. cash transported via passenger luggage through Minneapolis–St. Paul International Airport. The incidents are all currently under Federal investigation with the majority carried by couriers traveling to Somalia, other African Nations, and the Middle East.

While no definitive links to funding terrorism have been established yet, we know that hundreds of millions of dollars in cash are being transported to areas where foreign terrorist organizations are active. What could possibly go wrong?

A whistleblower has alleged that TSA personnel at MSP, Minneapolis–St. Paul International Airport, repeatedly identified and flagged routine encounters with Somali men carrying large suitcases filled with bundled cash, often exceeding \$1 million.

During an interview a former TSA agent at MSP from 2016–2021, now a whistleblower, Liz Jacksa noted that she saw, quote, “suitcases packed with millions of dollars in cash moving through MSP again and again, carried by the same type of couriers, which raised questions that she feels law enforcement and political leaders still haven’t answered.”

Jacksa further explained her repeated encounters with Somali men carrying suitcases packed with cash, and in one case, a bag filled with new passports. According to Jacksa, the volume, consistency, and profile of the transactions she witnessed were well beyond ordinary or everyday behavior.

Treasury Secretary Scott Bessent has noted that the Department is currently investigating where Minnesota’s taxpayer dollars are being placed.

Additional reports show what Somali individuals in the United States send roughly \$215 million abroad each year. On January 9th, Secretary Bessent indicated that the Treasury Department’s Financial Crimes Enforcement Network, FinCEN, informed four money transfer organizations that they are under investigation for their roles in the fraud scheme involving the theft of funds from social services in Minnesota.

He also indicated that some banks in Minnesota are being investigated by the Internal Revenue Service’s Civil Enforcement Division for allegations related to money laundering.

As you can see, there’s much to unpack surrounding these numerous fraud schemes taking place in and around Minneapolis, Minnesota.

I would be remiss if I didn’t suggest and urge additional investigation throughout this entire country. I know that in my home State of Arizona, our Democrat Attorney General came into office and quickly said that there had been \$2.5 million in fraud just in the Medicaid program alone.

In recent studies released over the last year in Arizona, it has been suggested that as much as \$7.2 billion in fraud annually take place in Arizona’s similar programs.

This is not just a Minnesota issue, but it just happens to be at the forefront of why we are here today.

I look forward to today's hearing, and I thank the Members and witnesses for taking part. I'll yield back and recognize the Ranking Member, Ms. McBath, for her opening statement.

Ms. MCBATH. Thank you, Mr. Chair, and thank you for convening this hearing this morning to talk about the harm that fraud can cause.

Thank you for everyone that is here this morning to testify. It is so necessary that we continue to investigate and prosecute all forms of fraud, including government fraud, which can turn many into victims.

That is because a person committing fraud against a government program, steals from all of us as taxpayers and abuses the purpose, the initial purpose, of these programs.

They harm the organizations that need these programs to operate and most importantly, they harm the people that the program is designed to help.

Whether we're talking about a program that feeds school children, helps seniors find housing, helps people overcome addiction, or provides services to address disabilities, it is critical that the dollars that we invest in these programs actually serve the purposes that we have in mind when we, the lawmakers, created them.

That's why the Department of Justice has always combated fraud, including prosecuting dozens of people for perpetrating fraudulent schemes in Minnesota in 2021, and under the Biden Administration.

Prosecutions are not enough to combat or prevent fraud. The Biden Administration also established a COVID-19 fraud enforcement task force and increased oversight of programs that were being targeted by fraudsters.

The Minnesota lawmakers have also taken steps to reduce fraud in their State, strengthening the State's ability to stop potential fraud sooner and improving investigations to hold those scammers accountable.

Where President Trump has taken a very different approach to fraud, just last week, Trump added quite a few fraudsters to his growing list of people that he has pardoned. Not because they are deserving of a second chance, but because they hired his friends, back channeled a donation, or serve his political purposes.

He has pardoned many people charged or convicted of fraud and other financial crimes, wiping away more than \$1 billion in money that would otherwise have gone to victims of crime.

President Trump has also fired inspectors general, instructed his DOJ to stop enforcing bribery statutes, and gutted the offices that investigate white collar crime.

That is how we know this hearing is not really about fraud. It is about trust. The Trump Administration does not want you to trust these programs because if you don't trust them, they're easier to destroy them.

They do not want you to trust entire communities because if you don't trust them, they're easier to intimidate. We cannot let that happen.

We will continue to fight for robust and responsible oversight, and for the continuation of initiatives that make all our communities safer, healthier, and more resilient.

Across the country, there are daycares, schools, hospitals, treatment centers, research facilities, nursing homes, fire departments, police departments, airports, and more, that all depend on State or Federal funding, not just to help those in need, but to serve every single one of us.

If President Trump succeeds an attempt to freeze childcare funding across five states, which is temporarily blocked by a court order, the effects would ripple across families and businesses throughout our economy. It would affect more than 500,000 children, and these are children that are not just within the State of Minnesota. The 500,000 children, their parents, the businesses, and organizations where those parents work, and the many people who depend on those businesses to fulfil needs in those communities.

That's the fallout from just one program, addressing one need across only five States. If President Trump continues this assault on critical programs, the harms could be far greater.

These latest attacks come on top of the cuts that President Trump and Congressional Republicans already forced through, which are taking healthcare from 10 million Americans and reducing food assistance to over 40 million Americans, including many, many children.

We don't have to choose between programs that are susceptible to fraud and nothing at all. With proper oversight, we can make sure that every American is fed, that everyone can access housing and medical treatment, and that our daycares and our schools can keep guiding our children toward a better future.

I look forward to hearing more today about how we can achieve this goal. I thank our witnesses for being here, and I yield.

Mr. BIGGS. The gentlelady yields back, and I'll recognize the Chair of Full Committee, Mr. Jordan. No, I don't recognize him right now, but I will recognize the Ranking Member of the Full Committee, Mr. Raskin, for his opening statement.

Mr. RASKIN. Thank you kindly, Mr. Chair, and thank you to all of our witnesses for joining us.

In a just world, the Judiciary Committee today would be investigating why a masked ICE agent shot three times in cold blood and killed an unarmed citizen, a 37-year-old mom, Renee Nicole Good. We'd be investigating why Trump's DOJ is harassing and investigating Renee's wife, instead of investigating her killer.

We'd be asking why ICE agents are trained in basic CPR, but 911 tapes have shown none of the agents performing CPR on Ms. Good. They left her bleeding alone in her car for almost three minutes, and definitively rejected the help of a man who came forward and identified himself as a doctor.

We'd be investigating why in another Minnesota case, ICE agents deployed tear gas under the car of a family of eight people, including a six-month-old, a two-year-old, and two kids with severe asthma, who were just trying to get home from a basketball game. The baby stopped breathing and his mom had to administer CPR as they desperately waited for medical help to arrive.

Our colleagues want to talk about fraud in Minnesota. Fraud that was already being investigated and prosecuted under the last administration. It is true that social services fraud, serious fraud, occurred in Minnesota. That's why, under President Biden, the Department of Justice opened multiple criminal investigations that, to date, have already resulted in more than 90 people being charged and 64 people being convicted of Federal criminal offenses.

Indeed, Minnesota lawmakers acted to root out and prevent fraud going forward in the public benefits program. That's why last year, the Minnesota legislature passed legislation to empower the Governor to cutoff payments or to claw back funds whenever fraud is detected.

That's why Governor Walz appointed the first ever Director of Program Integrity, to make sure the State is effectively investigating and preventing fraud and corruption in their programs.

The fraud in Minnesota was discovered not by a right-wing social media influencer who has been harassing people in communities all over Minnesota in recent weeks, but by the hard work of real local-investigative journalists, brave whistleblowers, and State and Federal auditors.

This fraud, which we must take seriously, is not unlike the \$2.5 billion breathtaking Medicare fraud scheme uncovered last year in the home State of the Chair of this Subcommittee, as he himself mentioned or the massive COVID-19 unemployment assistance fraud scheme uncovered in Chair Jordan's home State of Ohio.

Fraud is endemic in government all over the world. There are fraudsters attacking our public institutions trying to undermine them and rip them off. Even our President has been convicted of 34 counts of criminal fraud by a jury of his peers in New York, related to the fraudulent payments made to porn star, Stormy Daniels, and also civilly convicted in New York for different kinds of real estate fraud.

Fraud is not headquartered in one State, or one municipality, much less one ethnic, racial, or religious community. President Trump couldn't resist the temptation to use fraud in Minnesota as an occasion to mobilize the power of the Federal Government to bully and intimidate first- and second-generation Somali Americans who live in that State.

Many of the people convicted in the fraud schemes were of Somali ancestry. Under the pretext of cracking down on a fraud that had already been discovered, investigated, and prosecuted, Trump surged Federal immigration officers to Minnesota and aimed them at the Somali-American communities, calling the people who live there, repeatedly, garbage.

This is despite the fact that it is a complete nonsequitur, obviously, to send immigration agents to conduct fraud investigations.

The deployment of law enforcement resources against an entire ethnic community after the criminal prosecution of a small group of its members is to promote the sinister ideas of collective guilt and guilt by association, two doctrines that are emphatically rejected in Anglo-American jurisprudence and by our courts.

The community targeted in Minneapolis is made up, incidentally, overwhelmingly of U.S. citizens. Ninety-five percent of Somalis in

Minnesota are U.S. citizens, including 58 percent of whom were born in the United States.

Well, what is the Trump Administration's actual record on fraud? Well let's see, President Trump pardoned the big-time drug dealer and convicted fraudster, Juan Orlando Hernandez, the former President of Honduras, sparing him a 45-year criminal sentence after he brought in 400 tons of cocaine into our country.

That's 800,000 pounds of cocaine that he said, quote, "we are going to stuff up the nostrils of the gringos." Trump pardoned him.

If you're interested in that particular sweetheart deal, that would be a great subject for a hearing, Mr. Chair.

Just last week again, the President granted pardons to more convicted fraudsters. Julio Herrera Velutini was scheduled to be sentenced this month for participation in a political corruption and fraud scheme alongside his codefendant, the former Governor of Puerto Rico, Wanda Vazquez.

In late 2024, Mr. Herrera was facing felony bribery charges in a different case. His daughter donated \$2.5 million to the MAGA Inc., super PAC. Then, in May 2025, Mr. Herrera's lawyer, who had served on President Trump's legal team, negotiated a deal allowing him to plead guilty to a trivial misdemeanor offense instead.

Several months later, Mr. Herrera's daughter donated another \$1 million to MAGA Inc. What do you know? President Trump generously granted Mr. Herrera a full and unconditional pardon just last week.

They're making fraud out of the pardon process in America with pay-to-play rules as they pardon recidivist, hardened, and unrepentant fraudsters.

Well, indeed in total, President Trump has pardoned more than 1,600 people, depriving victims, survivors, and taxpayers of an estimated, check this out, \$1.55 billion in restitution and fines owed to us, the American people, while shockingly, because other Presidents didn't do this but Trump did, while shockingly allowing corporate fraudsters and tax cheats to keep all their ill-gotten gains.

This is a massive and unprecedented swindle from working-class people and crime victims, as the administration gives all these ill-gotten gains right back to the criminal fraudsters who stole the money in the first place.

Finally, Mr. Chair, President Trump has dismantled the infrastructure that actually prosecutes white-collar crime and fraud in America, actually roots out waste, fraud, and abuse. The Trump DOJ gutted the Public Integrity Section at DOJ that prosecutes government officials who break the law, and nearly a year ago, his DOJ suspended enforcement of the Foreign Corrupt Practices Act, which prohibits foreign bribery, saying all bets are off.

He's gutted the Consumer Financial Protection Bureau, which is the first and the only agency devoted solely, at the Federal level, to protect American consumers against being cheated by big financial corporations. The CFPB delivered \$21 billion back to more than 200 million Americans, who were victims of fraud and other predatory business practices, and the administration has then gutted the CFPB, because they are on the side of corporate fraud and white-collar crime.

That's the truth of what's going on there. They fired 17 inspectors general, the independent government watchdogs whose job it is actually to root out waste, fraud, abuse, and corruption, and left 28 IG offices without Senate-confirmed leadership at all, allowing the corruption and the fraud to run rampant.

If we're going to have a hearing about fraud in America, Mr. Chair, let's do it. Let's take in the full scope of what's taking place in our country.

I yield back to you.

Mr. BIGGS. The gentleman yields back, and I recognize the Chair of the entire Committee, Mr. Jordan.

Chair JORDAN. Thank you, Mr. Chair. I'll be brief. I want to thank our witnesses for being here. Estimates are potentially as high as \$9 billion; we're looking here at what appears to be a decade long scam and fraud.

You can always look at one program I talked about a couple weeks ago in an oversight hearing, was this Feeding Our Future program, where taking Federal, Americans' hard earned tax dollars, taking that money and supposedly providing meals to children.

The problem was, there were no meals and no kids. They were just stuffing it in their pockets. This is a great hearing to have. We appreciate the witnesses and the work that they have done.

Ms. Larson and the work she does, and actually making a difference, doing a legitimate program. Mr. Shirley for uncovering this, and Mr. Dexter and others who are here.

With that, I would yield back. I look forward to hearing from our witnesses and the hearing itself.

Mr. BIGGS. Thank you, Mr. Chair. I would recognize myself just for UCs. The first one is "President Joe Biden commutes sentences for two of Chicago area's most notorious fraudsters."

Second, "North Dakota judge blasts Biden for setting fraudsters free."

Third, "Biden commutes roughly 1,500 sentences; pardons 39 in biggest single day act of clemency," including fraudsters.

Fourth, "Illinois lawmakers furious after Biden commutes sentences of State fraudsters."

Without objection.

Mr. RASKIN. Mr. Chair, could I enter some, as well?

Mr. BIGGS. Yes, please.

Mr. RASKIN. Thank you much. This UC request is from *ABC News*, January 20, 2026, titled, "Trump's pardons forgive financial crimes that came with hundreds of millions of dollars in punishment."

This one is, "Arizona has recovered just 5 percent of taxpayer dollars lost in a \$2.5 billion Medicaid fraud scheme," that's from *ProPublica*.

From the *Columbus Dispatch*. "Columbus mother and daughter among 15 indicted in pandemic unemployment assistance fraud scheme."

Finally, a Minnesota fraud scheme timeline from *NPR News*, "Fraud investigations stretched across Walz's tenure."

Mr. BIGGS. Without objection. Now, without objection, all the opening statements will be included in the record, and we will introduce today's witnesses.

Mr. Scott Dexter. Mr. Dexter is a former law enforcement officer having served for 28 years. He also served with the Minnesota Department of Human Services, Office of Inspector General, where he investigated fraud in the childcare assistance program. Thank you Mr. Dexter, for being here.

Ms. Jennifer Larson. Ms. Larson is the Founder and Chief Executive Officer of the Holland Center for Autism, a clinic that provides services to children and young adults with autism.

She started the Holland Center to serve families like hers that were not receiving adequate services and support elsewhere. Thank you, Ms. Larson, for being here today.

Mr. Nick Shirley is an independent journalist. His recent investigations and videos have shed light on the scale of fraud in public benefit programs in Minnesota that are currently ongoing, and thank you Mr. Shirley, for being here.

Mr. Dylan Hedtler-Gaudette. Mr. Hedtler-Gaudette is the acting Vice President of Policy and Government Affairs at the Project on Government Oversight (POGO).

POGO is a nonprofit organization that investigates alleged wrongdoing by the Governor. Thank you, Mr. Hedtler-Gaudette, for being here with us today.

We welcome all our witnesses and thank them for appearing today. We will begin by swearing you in. Would you please rise and raise your right hand?

Do you swear or affirm under penalty of perjury that the testimony you are about to give is true and correct to the best of your knowledge, information and belief, so help you God?

Thank you. Thank you, you may be seated.

The record will reflect that the witnesses have all answered in the affirmative, and with the instruction of Mr. Hedtler-Gaudette, I wanted to let all Members of the panel know that when you have a question for him, please say his name so he knows that you are addressing him, please.

I want the witnesses to know that your written testimony will be entered into the record in its entirety. Accordingly, we ask that you summarize your testimony in five minutes.

We'll begin now with Mr. Dexter. You are recognized for your five-minute statement.

STATEMENT OF SCOTT F. DEXTER

Mr. DEXTER. Thank you. Chair and the Members of the Committee, thank you for the opportunity to speak with you today. My name is Scott Dexter, I'm a retired law enforcement investigator with 28 years of experience.

Most of it was spent conducting criminal and financial fraud investigations, with experience in surveillance in operations.

In 2013, after retiring from law enforcement, I joined the Minnesota Department of Human Services as part of a newly created investigative unit within the office of Inspector General.

Our mission was straightforward, identify and investigate fraud within the childcare assistance program known as CCAP.

I was one of the original four investigators hired, all of us were former law enforcement professionals with backgrounds in criminal investigations.

Our cases were not selected based on the name of the center, the owner, or the community it served. They were selected based solely on tips, complaints, and the amount of CCAP funding being paid out.

The highest funded centers were reviewed first. Many of those centers were referred to us through the public tip line, or by licensing inspectors who observed activity inconsistent with a legitimate daycare operation.

What we found was deeply concerning. Many of these centers operated out of commercial spaces with windows totally covered, no visible play areas, and very few children ever present.

Through surveillance, data collection, and review of attendance and billing records, we repeatedly documented patterns of over billing, nonexistent attendance, and in some cases, children being signed in for hours they were never actually at the center.

Our investigative process was thorough and methodical. We collected licensing and billing data, installed covert surveillance cameras, reviewed hours of video, identified parents and employees, and calculated estimated overpayments based on actual attendance.

Completed cases were then turned over to the Minnesota Bureau of Criminal Apprehension for search warrants, interviews, arrests, and potential prosecution.

As our investigations progressed, we noticed a trend. Many of the centers receiving the highest levels of CCAP funding were owned and operated by Somali individuals, and the families served were predominantly Somali.

This was not the basis for selecting cases, but it did become the basis for accusations against us. We were labeled as racially biased, despite the fact that our case selection was driven entirely by funding data.

An outside review was launched into our investigative practices. We were questioned about how we selected centers, and how we conducted surveillance.

Following that review, new restrictions were placed on our work, including mandatory panel reviews before we could move forward with investigations.

Investigators were also pulled from conducting new or current investigations to enter data from all previous complaints received by DHS, into a newly created database, a process that took nearly a year to complete.

These changes significantly hindered our ability to do our jobs effectively. Ultimately, in 2019, I chose to retire because the investigative process had become so constrained that meaningful work was no longer possible.

Through collaboration with Federal agencies including the IRS Criminal Investigation Division, Homeland Security, and the U.S. Department of Health and Human Services, we learned that millions of dollars in cash from the Somali community was being flown out of the Minneapolis–St. Paul airport by Somali couriers.

At one point, nearly \$70 million had been documented leaving the country halfway through a single year.

Although we could not prove that the cash was obtained fraudulently, we strongly suspected that it was.

We also encountered situations where Federal partners were prevented from opening cases due to concerns about political sensitivities surrounding the Somali community, and the refugee resettlement program.

These decisions had real consequences, allowing fraud to continue unchecked.

Throughout our work, we identified several loopholes that made CCAP highly vulnerable to fraud. Centers were allowed to bill for the full authorized hours, even when children were present for only minutes.

Billing records could be submitted up to 30 days later, creating opportunities for manipulation. Attendance records were handwritten, unreliable, and often incomplete.

Despite our recommendations, no biometric attendance systems, no electronic submission requirements, and no State installed security cameras, were ever implemented.

Chair and the Members, the purpose of my testimony is not to cast blame on any community. It is to highlight systemic weaknesses that allowed large-scale fraud to occur, and to emphasize the need for stronger safeguards, better oversight and investigative processes that are allowed to function without political interference.

Thank you for your time and your commitment to ensuring accountability within publicly funded programs, and I am prepared to answer any questions that you may have.

[The prepared statement of Mr. Dexter follows:]

Testimony of Scott F. Dexter, Independent Journalist

Chair, Members of the Committee, thank you for the opportunity to speak with you today. My name is Scott Dexter. I am a retired law enforcement investigator with 28 years of experience, most of it spent conducting criminal and financial-fraud investigations, with experience in covert surveillance operations.

In 2013, after retiring from law enforcement, I joined the Minnesota Department of Human Services as part of a newly created investigative unit within the Office of Inspector General. Our mission was straightforward: identify and investigate fraud within the Child Care Assistance Program, or CCAP. I was one of the original four investigators hired, all of us former law-enforcement professionals with backgrounds in criminal investigations.

Our cases were not selected based on the name of a center, the owner, or the community it served. They were selected based solely on tips, complaints, and the amount of CCAP funding being paid out. The highest-funded centers were reviewed first, and many of those centers were referred to us through the public tip line or by licensing inspectors who observed activity inconsistent with a legitimate child care operation.

What we found was deeply concerning. Many centers operated out of commercial spaces with windows covered, no visible play areas, and very few children ever present. Through surveillance, data collection, and review of attendance and billing records, we repeatedly documented patterns of overbilling, nonexistent attendance, and in some cases, children being signed in for hours they were never actually at the center.

Our investigative process was thorough and methodical. We collected licensing and billing data, installed covert surveillance cameras, reviewed hours of video, identified parents and employees, and calculated estimated overpayments based on actual attendance. Completed cases were then turned over to the Minnesota Bureau of Criminal Apprehension for search warrants, interviews, arrests, and potential prosecution.

As our investigations progressed, we noticed a trend: many of the centers receiving the highest levels of CCAP funding were owned and operated by Somali individuals, and the families served were predominantly Somali. This was not the basis for selecting cases, but it did become the basis for accusations against us. We were labeled as racially biased, despite the fact that our case selection was driven entirely by funding data.

An outside review was launched into our investigative practices. We were questioned about how we selected centers and how we conducted surveillance. Following that review, new restrictions were placed on our work, including mandatory panel reviews before we could move forward with investigations. Investigators were also pulled from conducting new or current investigations in order to enter data from all previous complaints received by DHS, in a newly created data base, a process that took nearly a year to complete.

These changes significantly hindered our ability to do our jobs effectively. Ultimately, in 2019, I chose to retire because the investigative process had become so constrained that meaningful work was no longer possible.

Through collaboration with federal agencies—including the IRS, Homeland Security, and the U.S. Department of Health and Human Services—we learned that millions of dollars in cash from the Somali community was being flown out of the Minneapolis–St. Paul Airport by Somali couriers. At one point, nearly seventy million dollars had been documented leaving the country halfway through a single year. Although we could not prove that the cash was obtained fraudulently, we strongly suspected it was.

We also encountered situations where federal partners were prevented from opening cases due to concerns about political sensitivities surrounding the Somali community and the refugee resettlement program. These decisions had real consequences, allowing fraud to continue unchecked.

Throughout our work, we identified several loopholes that made CCAP highly vulnerable to fraud. Centers were allowed to bill for the full authorized hours even when children were present for only minutes. Billing records could be submitted up to thirty days later, creating opportunities for manipulation. Attendance records were handwritten, unreliable, and often incomplete. And despite our recommendations, no biometric attendance system, no electronic submission requirements, and no state-installed security cameras were ever implemented.

Chair and Members, the purpose of my testimony is not to cast blame on any community. It is to highlight systemic weaknesses that allowed large-scale fraud to occur and to emphasize the need for stronger safeguards, better oversight, and investigative processes that are allowed to function without political interference.

Thank you for your time and for your commitment to ensuring accountability within publicly funded programs. I am prepared to answer any questions you may have.

Testimony of Scott F. Dexter

- In 2013 I retired from law enforcement after 28 years of service, most of which were spent conducting criminal and financial fraud investigations, including experience with physical and covert surveillance operations.
- After retiring, I joined the Minnesota Department of Human Services as part of a newly formed investigative unit within the Office of Inspector General - Office of Financial Fraud and Abuse Investigations Division. The unit's mission was to identify and investigate fraud within the Child Care Assistance Program (CCAP). I worked there from 2014 to 2019.
- I was one of the four original civilian investigators hired - all former law enforcement investigators with significant experience in criminal and financial investigations. ● Our assignment was to investigate child care centers receiving CCAP funds that were suspected of fraudulent activity.
- Centers were referred for investigation through multiple sources including but not limited to:
 - Public reports submitted through the fraud tip line
 - Observations and referrals from child care licensing inspectors
- Common concerns included:
 - Very few to no children present
 - Outdoor play equipment either non existent or in poor and unsafe condition
 - Inadequate or non existent outdoor play areas
 - Poor or suspicious overall facility conditions
- Many centers operated out of leased commercial spaces where all of the windows and doors were covered with plastic or paper, preventing visibility into the facility. ● A list - informally referred to as the "Top 100" - was created by identifying the highest amount of CCAP funding. ***This list was based solely on dollar amounts.*** ● Supervisors assigned centers from this list to investigators for review.

Typical Investigative Steps

- Collected all available data from state databases, including licensing records, ownership information, billing history, and employee information.
- Conducted surveillance to assess the premises, document entry and exit points, and identify suitable locations for covert video surveillance.
- Installed covert video systems capable of real-time monitoring and recorded footage. Hard drives were swapped every 30 days, and all video evidence was stored on a secure server with back up storage.
- Obtained the center's attendance record for the same time period covered by surveillance.
- Reviewed recorded video to determine the number of children actually present and compared those counts to the attendance sheets.
- Collected vehicle license plate information to help identify parents, employees, and other

associated individuals.

- Identified parents who signed children in despite the children not being present, then reviewed billing records to calculate overpayments. Holidays and absent days were excluded to ensure accuracy.
- Once the investigative package was complete, it was turned over to the Minnesota Bureau of Criminal Investigation (BCA) agent assigned to our unit. The BCA agent applied for and executed search warrants on locations related to the investigation, which included the center, residences, and vehicles.
- Investigators assisted with searches after the locations were secured, seizing records, computers, cell phones, and other evidence.
- Attempts were made to interview individuals on site during the searches. All custodial interviews and arrests were conducted by BCA agents.
- Completed cases were prepared for criminal prosecution and/or administrative hearings.

Observations and Challenges During Investigations

- Over time we discovered that many of the centers under investigation were owned and operated by Somali individuals, and the families served were predominantly Somali ● ***Centers were selected based solely on tips, complaints, and CCAP funding levels - not on ownership, ethnicity, or community affiliation.***
- The only exception occurred when an investigated center was found to be linked to other centers receiving CCAP funds as well as shared ownership.
- Although we were able to obtain some corroborating statements from women receiving CCAP assistance, we frequently encountered significant challenges during interviews. Language barriers, cultural dynamics, and the presence of Somali men who appeared to monitor our arrival often created an atmosphere of intimidation. Many of the women lived in predominantly Somali populated apartment complexes, and Somali men would make their presence immediately known when a woman opened the door to us. Based on my investigative experience, this behavior was intended to discourage cooperation by making the women fearful or reluctant to provide information.
- Due to the concentration of cases involving Somali-owned centers, investigators were accused of racial bias and targeting the Somali Community.
- MN DHS leadership hired Public Financial Management Inc. to assess our investigative practices. Investigators were questioned extensively about:
 - How centers were selected
 - How investigations were conducted
 - Surveillance tactics and investigative techniques
- Following this review, we were required to work with the Continuous Improvement Program and modify our investigative process. This included:
 - Submitting preliminary case information
 - Presenting cases to a review panel
 - Receiving direction from the panel before proceeding
- Investigators were also required to enter data from all previously received complaints into

a new database - a process that took nearly a year and diverted resources from new or ongoing investigations.

- My primary responsibilities at that time involved managing surveillance equipment and digital evidence, and assisting other investigators, so I was not directly subjected to the panel review process. However, the imposed changes significantly hindered investigative effectiveness, and I ultimately chose to retire early.

Interagency Collaboration and Additional Findings

- Collaboration with federal partners - including the U.S. Department of Health and Human Services, IRS Criminal Division, and Homeland Security Investigations - provided a broader understanding of the scale of CCAP related fraud.
- During interagency meetings, we learned that millions of dollars in cash from the Somali community was being flown out of the Minneapolis-St. Paul International Airport by Somali couriers. We could not prove that the cash was obtained fraudulently, though we strongly suspected it.
- At one point, approximately \$70 million had been documented leaving the country halfway through a single year.
- At a meeting involving IRS and DHHS investigators, we attempted to initiate a joint investigation that would also involve the federal food program as well as potential wire fraud, however we were informed that under direction from the U.S. Attorney for Minnesota at the time, Andy Luger, neither the IRS or DHHS would be permitted to open a case. The stated reason was the concern that the Somali individuals were being disproportionately targeted and that federal leadership did not want to create issues related to the Refugee Resettlement Program.
- These events occurred a number of years ago so I do not recall specific details.

Identified Loopholes in the CCAP program

- Centers were allowed to bill for the full authorized hours even when children were present for only minutes. Surveillance documented multiple instances of extremely short visits being billed full four - six hour blocks.
- Centers were allowed up to thirty days to submit billing records, creating opportunities for double billing and overpayments to be overlooked and complicating investigative efforts. We recommended requiring daily electronic submissions, but this was not implemented at the time.
- Attendance verification was unreliable. Sign in sheets were handwritten, often incomplete, and provided no way to confirm who signed children in and out. We recommended a computerized biometric system with time-stamped entries and next-day availability. This recommendation was also not implemented at the time.
- When questions arose about the clarity of our surveillance video, we recommended installing state funded digital cameras that recorded activity at all entry and exit points, at all centers receiving CCAP funds. This recommendation was also not implemented at the time.

Mr. BIGGS. Thank you, Mr. Dexter. Now, we're going to recognize Mr. Hedtler-Gaudette, for your five minutes of opening statement.

STATEMENT OF DYLAN HEDTLER-GAUDETTE

Mr. HEDTLER-GAUDETTE. Chair Biggs, Ranking Member McBath, and the Members of the Subcommittee, I appreciate the opportunity to testify before you today on the important issues of preventing fraud, and protecting taxpayer dollars.

My name is Dylan Hedtler-Gaudette, and I am the Acting Vice President of Policy and Government Affairs at the Project on Government Oversight.

We are a nonpartisan independent watchdog that promotes a more accountable, transparent, and effective Federal Government.

We view it as our mission to combat abuse of power and corruption in the Federal Government, which includes working on rooting out waste, fraud, and abuse.

The unfortunate truth is that fraud in government programs is a fact of life. Since the U.S. Government has existed, fraud in government has also existed.

For much longer than that, in fact. For as long as human beings have been organizing ourselves into societies and building institutions to govern those societies, there have always been those who will seek to take advantage.

This is a harsh, but real truth related to the human condition, related to our fundamentally fallen and flawed natures.

That said, it is still incumbent on every one of us to do what we can to prevent fraud, and to hold perpetrators of fraud accountable.

This is especially true when fraud implicates hard earned taxpayer dollars, and critical public programs and services. This is true whether we're talking about fraud in the context of the Feeding Our Future program, or any other program in Minnesota. Whether we're talking about welfare fraud in Mississippi, which involved the participation of a world-famous Hall of Fame NFL quarterback.

This is true whether we're talking about fraud in the context of it being perpetrated by large multinational defense companies in the context of multibillion dollar contract they have with the Defense Department.

The point here is that fraud and the abuse of taxpayer dollars are not related to any particular geographic, demographic, or other boundary or characteristic.

Why do these things happen so much? Mostly, they are caused by deep structural flaws, gaps, and weaknesses in our system of government.

They're also driven by recalcitrance and resistance to change on the part of Federal agencies.

To put it shortly, fraud is a systemic problem, and it requires systemic solutions. What are these solutions? I'm pleased to share a few of them with you today.

We must first look at watchdogs, critical sources of information, and practitioners of oversight from within the Federal Government itself.

I'm specifically talking about inspectors general, the Government Accountability Office, and whistleblowers. Rather than attacking,

firing, undermining and intimidating these individuals and entities as this administration and its allies have done, we must strengthen, preserve, and protect them.

We must enact reforms to make sure that IGs and GAO can perform their duties effectively and independently, and we must add additional safeguards to make sure that whistleblowers can blow the whistle without fear of reprisal, or retaliation.

We must also take a long, hard look at the architecture currently in place for how we track, monitor, analyze, and assess Federal funding.

To put it bluntly, that architecture is broken. Key resources like *USAspending.gov* are in desperate need of overhaul and modernization.

We need to enhance and improve the quantity, quality, timeliness, and integrity of the data and information we collect on Federal funding.

We need to promote more accountability, transparency, and compliance mechanism within the chain of spending for Federal funding.

If we don't do this, we will never have a good grasp on where funding is going, where it's ending up, who is being helped by it, who is being missed by it, and what the ultimate impact is.

Last, we must enact robust reforms and vigorous enforcement to crack down on corruption, cronyism, and conflicts of interest, which turbo charge waste, fraud, and abuse in the Federal Government.

The Presidential Pardon is an acute example of this, with each of the last two administrations using the pardon power inappropriately to pardon convicted fraudsters.

We must also promote reforms to crack down on the revolving door between agencies and industries, and to head off pay-to-play politics, all which distort and corrupt decisions like the award of Federal contracts.

The takeaway here is simple. Focusing on individual salacious, scandalous examples of fraud is akin to looking at the symptoms and not looking at the disease or the root causes of the disease.

The Project on Government Oversight stands ready, willing and able to work with anyone here who wants to work on root causes and systemic solutions, so that we can actually get our hands around waste, fraud, abuse, and corruption in the Federal Government.

Thank you for having me here today, and I look forward to answering your questions.

[The prepared statement of Mr. Hedtler-Gaudette follows:]



**Testimony of Dylan Hettler-Gaudette,
Acting Vice President of Policy and Government Affairs
Project On Government Oversight
Before the House Committee on the Judiciary
Subcommittee on Crime and Federal Government Surveillance
On “When Public Funds Are Abused:
Addressing Fraud and the Theft of Taxpayer Dollars”
January 21, 2026**

Chair Biggs, Ranking Member McBath, and Members of the Committee, thank you for the opportunity to testify today about waste and fraud in the federal government, where to find it, and how to address it.

I am Dylan Hettler-Gaudette, acting vice president of policy and government affairs at the Project On Government Oversight (POGO). POGO is a nonpartisan, independent watchdog that investigates, exposes, and champions reforms on systemic corruption, abuse of power, and waste.

For over four decades, POGO has worked with presidential administrations and Members of Congress from both parties to investigate waste, fraud, and abuse in our federal government and to identify and implement reforms for more effective, transparent, and accountable federal spending.

We began by training our watchdog work on the Pentagon. As we’ve grown, we’ve expanded our focus to the entire federal government. From exposing weapons systems boondoggles to calling out price gouging by government contractors to identifying widespread fraud in emergency spending, POGO has deep experience in investigating and exposing wrongdoing and in fighting for reforms to protect taxpayer dollars from waste, fraud, and corruption.¹

¹*Wasteful Spending and Inefficiencies: Examining DoD Platform Performance and Costs: Hearing Before the House Committee on Oversight and Accountability, subcommittee on National Security, the Border, and Foreign Affairs, 118th Cong. (July 24, 2024)* (testimony of Dylan Hettler-Gaudette, Director of Government Affairs, Project On Government Oversight), <https://www.pogo.org/testimonies/pogos-testimony-on-wasteful-inefficient-pentagonspending>; Mandy Smithberger, “Spare Parts Contractor Profits from Broken System,” Project On Government Oversight, January 12, 2022, <https://www.pogo.org/analysis/spare-parts-contractor-profits-from-broken-system>; Nick Schwellenbach, Neil Gordon, Sean Moulton, Leslie Garvey, “The Great Pandemic Swindle:

Our years of experience as a government watchdog have taught us the value of rigorous oversight. That's why POGO also champions and supports the people and entities inside our federal government, like inspectors general (IGs) and the Government Accountability Office (GAO), who serve as internal watchdogs. Their fact-based, unbiased investigations, audits, and recommendations are critical to rooting out waste, fraud, and abuse, and to preventing or stopping corruption. Any real effort to address waste and fraud in federal funding absolutely depends on these oversight practitioners — and Congress's own investigative offices — being sufficiently resourced, funded, supported, and protected from political pressure.

Over the last year, it has become increasingly clear that the work of sustaining and protecting these watchdogs will fall to Congress. From the unlawful firings of inspectors general to attacks on the GAO to presidential pardons of those convicted of fraud to the appointment of manifestly unqualified individuals to key oversight positions, the executive branch has repeatedly taken actions to undermine and dismantle systems of government oversight.²

Recent revelations about fraud and alleged fraud in the context of COVID relief spending and the Feeding Our Future program in Minnesota have again drawn our attention to the broader issue of waste, fraud, and abuse in the federal government.³ While the details in this specific instance may be sensational and the location of the fraud and demographics of many involved have been spotlighted by politicians and the media, the underlying issue is not new, and it is certainly not particular to Minnesota, the Feeding Our Future program, or the Somali-American community.

The fraud that's the topic of today's hearing is a symptom of a broader malady that afflicts the entirety of the federal government: namely, the use of the "pay and pray" model of federal funding combined with outdated and sluggish information technology, insufficient accountability and transparency mechanisms, and federal agency resistance to a more proactive and prophylactic approach. Until Congress addresses these problems, cases like this will continue to proliferate.

Feds Botch Review of Billions in Suspect PPP Loans," Project On Government Oversight, October 6, 2022, <https://www.pogo.org/investigations/the-great-pandemic-swindle-feds-botched-review-of-billions-in-suspect-ppp-loans>.

² POGO Staff, "POGO and Partners: The Senate Must Demand Answers on IGs," Project On Government Oversight, February 11, 2025, <https://www.pogo.org/policy-letters/pogo-and-partners-the-senate-must-demand-answers-on-igs>; Faith Williams, "The Administration's Latest Attack on Oversight," Project On Government Oversight, October 2, 2025, <https://www.pogo.org/analysis/the-administrations-latest-attack-on-oversight>; Sean Michael Newhouse, "Whistleblower Organizations Applaud Withdrawal of Trump's 'Unfit' Nominee to Lead Oversight Office," *Government Executive*, October 22, 2025, <https://www.govexec.com/oversight/2025/10/whistleblower-organizations-applaud-withdrawal-trumps-unfit-nominee-lead-oversight-office/408981/>.

April Rubin, "OMB Director Says Government Accountability Office 'Shouldn't Exist,'" *Axios*, September 3, 2025, <https://www.axios.com/2025/09/03/russell-yought-gov-accountability-office>.

³ David Fahrenthold, "Nonprofit's Leader Convicted of Siphoning Off \$240 Million in Federal Food Aid," *New York Times*, March 19, 2025, <https://www.nytimes.com/2025/03/19/us/nonprofit-leader-convicted-federal-food-aid.html>; U.S. Attorney's Office, District of Minnesota, "77th Defendant Charged in Feeding Our Future Fraud Scheme," Press Release, November 20, 2025, <https://www.justice.gov/usao-mn/pr/77th-defendant-charged-feeding-our-future-fraud-scheme>.

Obviously, no amount of fraud is acceptable, but we should be clear from the start: Congress should not pour all of its energy into addressing individual instances of wrongdoing, no matter how sensational, without fixing the systems that allow wrongdoing to occur (and sometimes continue, undetected, for years). It's like bailing out a boat without bothering to find and patch the leaks. It will produce a lot of activity and draw a lot of attention, but ultimately, it's no real help to anyone.

The good news is that we can tell you where the water is coming in. We at the Project On Government Oversight have plenty of recommendations for steps Congress can take immediately to address the systemic problems that allow for waste, fraud, and abuse in federal spending and programming. In fact, we have been suggesting these fixes to Congress and to the executive branch for decades — and we are grateful to this committee for the opportunity to uplift six of those recommendations today.

Preserve, strengthen, and insulate inspectors general.

Inspectors general are one of the first lines of defense against waste, fraud, and abuse in federal spending. Housed within federal agencies but operating independently of them, IGs are trained and supported in conducting fact-based, unbiased investigations into allegations of wrongdoing. They are tasked by statute with monitoring potential violations and misdeeds, investigating wrongdoing, and reporting to Congress.⁴

IG offices represent extraordinary value for the American taxpayer. In fiscal year 2024 alone, just over 70 IG offices closed more than 20,000 investigations. They processed nearly a million complaints, issued around 2,000 reports, and their work informed more than 3,500 successful criminal prosecutions.⁵ Moreover, IGs saved our country roughly \$71.1 billion. That's a return on of approximately \$18 for every dollar we invest in these offices.

But IGs can only protect taxpayers if they themselves have the resources necessary to complete their work — and the independence to complete their work with integrity. They must remain shielded from political and other kinds of pressure, and their independence requires at least some protection against dismissal for political or partisan reasons.

Congress should update the Inspector General Act of 1978 to further protect and insulate IGs from political meddling and interference so they can perform their vital duties without fear or favor, as we have previously recommended.⁶ It should also ensure IG offices have the funding they need to perform their important work for the American people.

⁴ Inspector General Act of 1978, 5 U.S.C. §1-13, <https://www.govinfo.gov/content/pkg/USCODE-2011-title5/html/USCODE-2011-title5-app-inspector.htm>.

⁵ Council of the Inspectors General on Integrity and Efficiency, *Annual Report to the President and Congress, Fiscal Year 2024*, https://www.ignet.gov/sites/default/files/CIGIE%20Annual%20Report%20to%20the%20President%20FY2024_FINAL.pdf.

⁶ *The War on Waste: Stamping out the Scourge of Improper Payments and Fraud: Hearing before the House Committee on Oversight and Accountability, Subcommittee on Delivering on Government Efficiency*, 119th Cong.

Protect and strengthen the Government Accountability Office.

The Government Accountability Office is another resource on which Members of this Committee and your colleagues in the House and Senate rely to get accurate information to fuel investigations and hearings like this one. GAO, for example, consistently offers recommendations to both Congress and federal agencies on ways they can prevent fraud and promote integrity and effectiveness, all stemming from their expert analysis, audits, and investigations.⁷

Like IG offices, GAO requires both funding and independence to continue serving as an indispensable resource for Congress. To ensure its continued operation, Congress should pass the GAO reforms contained in the Congressional Power of the Purse Act.⁸ To protect GAO's independence and prevent a president from undermining it from within, Congress should also reform the process for appointing the Comptroller General.

And if this body wants to take immediate steps to address waste and fraud in taxpayer-funded spending, Congress should more regularly act on GAO recommendations and reports, including but not limited to those set forth in the annual report on duplicative programs. In 2025, GAO noted that Congress and federal agencies, by “implementing our newest measures, in conjunction with our existing recommendations, could save over \$100 billion for the American people.”⁹

Protect federal government whistleblowers, who sound the alarm on waste, fraud, and abuse.

The investigations, recommendations, and reports that come from both IG offices and GAO often begin with whistleblower disclosures. Whistleblowers have always played an important role in exposing misconduct, fraud, and abuse in our federal government.

And in some cases, the value of whistleblower exposures is actually quantifiable. To offer just two recent examples, between 2007 and 2024 the IRS recouped more than \$7 billion dollars through a whistleblower program targeting tax cheats.¹⁰ In fiscal year 2024 alone, the

(February 12, 2025) (testimony of Dylan Hedtler-Gaudette, Director of Government Affairs, Project On Government Oversight), <https://www.pogo.org/testimonies/pogo-calls-for-focus-on-real-reforms-to-improve-federal-spending-accountability-and-transparency>; Inspector General Act of 1978, 5 U.S.C. §1-13 [see note 4].

⁷ U.S. Government Accountability Office, *Combating Fraud: Approaches to Evaluate Effectiveness and Demonstrate Integrity*, GAO-26-107609 (January 14, 2026), <https://www.gao.gov/products/gao-26-107609>; “Featured Topic: Fraud & Improper Payments,” U.S. Government Accountability Office, Fraud & Improper Payments, accessed January 18, 2026, <https://www.gao.gov/fraud-improper-payments>.

⁸ Congressional Power of the Purse Act, H.R. 5220, 119th Cong., (2025), <https://www.congress.gov/bills/119/congress/house-bill/5220>.

⁹ U.S. Government Accountability Office, “GAO Recommendations Have Led to \$725 billion in Financial Benefits – New Duplication and Cost Savings Report Shows Potential for Another \$100 billion or More,” Press Release, May 13, 2025, <https://www.gao.gov/press-release/gao-recommendations-led-725-billion-financial-benefits-new-duplication-cost-savings-report-shows-potential-100-billion>.

¹⁰ Internal Revenue Service, “IRS Whistleblower Office Celebrates National Whistleblower Day; Over \$7 Billion in Collected Proceeds Thanks to Whistleblowers,” Press Release, July 29, 2024, <https://www.irs.gov/newsroom/irs-whistleblower-office-celebrates-national-whistleblower-day-over-7-billion-in-collected-proceeds-thanks-to-whistleblowers>.

Department of Justice recovered nearly \$3 billion through the False Claims Act and its whistleblower provisions.¹¹

But these savings don't come without risk, and often it's those who raise the alarm who risk the most. Whistleblower retaliation punishes those who try to keep our government honest and discourages others from coming forward. Congress should enact further protections for whistleblowers and provide safer, more secure routes for conveying sensitive disclosures so as to remove fear of retaliation.¹²

Before moving on to other recommendations, I must pause here to note that the three internal safeguards I've so far discussed — IGs, GAO, and whistleblowers — are all in immediate need of congressional protection and support. In a hearing on fraud and protecting taxpayer dollars, I cannot neglect to again speak out against the mass firing of inspectors general, attempts to curtail the funding and independence of GAO, and attacks on whistleblowers.¹³ POGO continues to support bipartisan calls to action in the face of unwise and sometimes unlawful attacks on those who work each day to address waste, fraud, corruption, and abuse in our federal government.

A fair warning that the two recommendations that follow are more technical, but no less important, than the three steps I've so far discussed.

Reform existing systems and tools for tracking and analyzing federal funding.

GAO, IGs, and other watchdogs could be far more efficient if our systems for tracking federal spending were clearer and stronger. We cannot assess what we cannot measure.

Currently, it's extraordinarily difficult to track most federal dollars from their appropriation to their final impact for the American people. As today's hearing illustrates, the challenges involved in tracking, and safeguarding, federal funds increased exponentially during the COVID-19 pandemic. But while the fast and furious spending of that era, the lack of oversight, and the waste and fraud that resulted were different in scope from earlier periods, the problems with federal spending during the pandemic were no different in kind from the problems of previous

¹¹ Department of Justice Office of Public Affairs, "False Claims Act Settlements and Judgements Exceed \$2.9B in Fiscal Year 2024," Press Release, January 15, 2025, <https://www.justice.gov/archives/opa/pr/false-claims-act-settlements-and-judgements-exceed-29b-fiscal-year-2024>.

¹² *Protecting Those Who Blow the Whistle on Government Wrongdoing: Hearing before the House Committee on Oversight and Reform, Subcommittee on Government Operations*, 116th Cong. (January 28, 2020) (testimony of Liz Hempowicz, Director of Public Policy, Project On Government Oversight), <https://www.pogo.org/testimonies/the-state-of-whistleblower-protections-and-ideas-for-reform>.

¹³ U. S. Senate Committee on the Judiciary, "Grassley, Durbin Seek Presidential Explanation for IG Dismissals," Press Release, January 28, 2025, <https://www.judiciary.senate.gov/press/rep/releases/grassley-durbin-see-presidential-explanation-for-ig-dismissals>; Danielle Brian, "The Inspector General Caucus Must Stand Up Against Trump's Illegal Firings," Project On Government Oversight, January 28, 2025, <https://www.pogo.org/analysis/the-inspector-general-caucus-must-standup-against-trumps-illegal-firings>; Janice Luong, "Congress Must Protect the GAO From Executive Overreach," Project On Government Oversight, July 9, 2025, <https://www.pogo.org/analyses/congress-must-protect-the-gao-from-executive-overreach>.

years. Pandemic spending, and the fraud that attended it, only concentrated the problems that have attended federal spending for decades.¹⁴

For an example, we can look at USASpending.gov, the primary tool for tracking federal spending. This database is unquestionably an improvement on what came before, but the information it provides is still full of gaps. There are no standards or minimum requirements for what information must be included in award descriptions. The number of required data fields is different for spending facilitated through contract awards than for other kinds of spending, such as grants and loans (the category where data on Feeding Our Future would have been made public). And the reporting requirements that do exist are not followed by all agencies, making it harder for watchdogs within and outside of government to alert Congress to waste, fraud, or corruption.¹⁵

Tracking is further complicated by the challenges associated with subawards. When funds are appropriated by Congress to federal agencies, those agencies go on to provide billions of dollars to subrecipients like state agencies. Those subrecipients themselves then typically subaward or subcontract funding, a process that continues any number of times until our tax dollars finally reach those actually doing the work Congress has funded for our communities. Setting aside any questions about the efficiency of this process, it is remarkably opaque. After the first level of subaward, we regularly lose all meaningful insight into where funding is going.¹⁶ Because we can't consistently track the flow of federal funding into our communities, the potential for waste and fraud is literally impossible to holistically calculate.

There are several steps Congress can take to improve how we track federal dollars and to provide tools for spotting and heading off leakages in the spending chain, including shoring up and expanding subaward recipient reporting, requiring better and more consistent award descriptions and other information, and enhancing the quality and types of data collected.

Representative Nick Langworthy (R-NY), a member of the House Oversight and Government Reform Committee, has taken it upon himself to lead a bipartisan bill aimed at addressing the subaward component of this broader issue, and POGO has enthusiastically supported the Representative in this effort. Congress should act swiftly to pass this legislation.¹⁷

¹⁴ Sean Moulton, "Pandemic Spending Failings Show the Need for Stronger Oversight Protections," Project On Government Oversight, February 1, 2023, <https://www.pogo.org/testimonies/pandemic-spending-failings-show-the-need-for-stronger-oversight-protections>.

¹⁵ Sean Moulton, "Blueprint to Fix Reporting of Federal Spending," Project On Government Oversight, August 2, 2021, <https://www.pogo.org/analysis/blueprint-to-fix-reporting-of-federal-spending>.

¹⁶ Sean Moulton, "Can We Track Infrastructure Dollars?" Project On Government Oversight, April 27, 2022, <https://www.pogo.org/analyses/can-we-track-infrastructure-dollars>.

¹⁷ Janice Luong, "Fact Sheet: POGO Supports Modernizing Subaward Reporting System," Project On Government Oversight, April 8, 2024, <https://www.pogo.org/fact-sheets/fact-sheet-pogo-supports-modernizing-subaward-reporting-system>; Federal Subaward Reporting System Modernization and Expansion Act, H.R. 596, 119th Cong., (2025), <https://www.congress.gov/bills/119th-congress/house-bill/519>.

Enact stronger ethics and conflict of interest rules to safeguard the federal spending process and to protect taxpayer dollars.

Unlike waste, corruption doesn't just harm the taxpayers whose money has been lost, the Americans who fail to benefit from the projects Congress has funded, and the legitimate businesses who miss out on federal contracts. It also corrodes the trust between a people and their government. One YouGov poll from last August found that majorities of Americans believe that a Member of Congress, a governor, or the current president would likely accept a bribe if offered one.¹⁸

One of the key drivers of government corruption is the misuse of the federal process through which spending decisions are made. It's simply too easy for large, well-connected entities to peddle influence, leverage connections, and entice government officials to tilt the system in their favor.¹⁹

To prevent this type of corruption and to help rebuild Americans' faith in their elected leaders, Congress should enact stronger conflict-of-interest rules. These rules should ensure that federal contracts are awarded through a rigorous and objective process of merit and in accordance with programmatic guidelines and public interest needs, not on the basis of cronyism or as a result of corporate capture. Included among these reforms should be stronger revolving door rules and more transparency in federal contractor lobbying and political activities.²⁰

Consider and pursue revisions to the presidential pardon power.

In light of recent abusive uses of power through which presidents of both parties have pardoned their own family members, preemptively pardoned political allies, pardoned convicted fraudsters, and otherwise made a mockery of the concept of clemency and justice, a reconsideration of this constitutional power is overdue.²¹ There are examples of this kind of abuse in each of the two most recent presidential administrations, underscoring that this is a bipartisan, systemic problem.

¹⁸ Jamie Ballard, "About Half of Americans Think Donald Trump Would Accept a Bribe if Offered One," YouGov.com, September 4, 2025, <https://today.yougov.com/politics/articles/52910-about-half-of-americans-think-donald-trump-would-accept-a-bribe-if-offered-one>.

¹⁹ Project On Government Oversight, "Top Federal Contractors Spend Millions on Influence, Get Billions in Contracts," Press Release, August 31, 2017, <https://www.pogo.org/post/top-federal-contractors-spend-millions-on-influence-get-billions-in-contracts>; Public Citizen, "Corporate Donors to Trump's White House Ballroom Bets by Conflicts, Receive \$279 billion in Government Contracts," Press Release, November 23, 2025, <https://www.citizen.org/news/corporate-donors-to-trumps-white-house-ballroom-bets-by-conflicts-received-279-billion-in-government-contracts-in-the-past-five-years/>.

²⁰ Mandy Smithberger, "Three Steps to Help Stop the Pentagon's Revolving Door," Project On Government Oversight, November 22, 2021, <https://www.pogo.org/fact-sheets/three-steps-to-help-stop-the-pentagons-revolving-door>; Scott Arney, "Groups Seek to Ban Secret Election Support by Contractors," Project On Government Oversight, March 2, 2015, <https://www.pogo.org/analysis/groups-seek-to-ban-secret-election-support-by-contractors>.

²¹ Lucien Bruggeman, "Timeline: Hunter Biden Granted Pardon After Legal, Political Scrutiny," ABC News, April 11, 2024, <https://abcnews.go.com/US/timeline-hunter-biden-legal-political-scrutiny/story?id=102293605>; Colleen Long and Zeke Miller, "Biden Pardons Fauci, Milley, and the Jan 6 Panel. It's a Guard Against Potential 'Revenge' by Trump," AP, January 20, 2025, <https://apnews.com/article/biden-trump-fauci-milley-pardons-january-6-3cba287f89051513fb48d7ac700ac747>; Alison Durkee, "Trump's Pardon List: Puerto Rico Governor's Co-Conspirator Latest Big-Time Donor Sprung Free by President," *Forbes*, January 16, 2026,

In December 2024, President Joe Biden granted clemency to nearly 1,500 people. Among those whose sentences were commuted was an attorney who developed a tax scheme that the Department of Justice said cost the U.S. \$1.6 billion dollars of revenue.²² At the same time, President Biden commuted the sentence of a former judge who pleaded guilty to racketeering in a “kids-for-cash” scandal, in which he and another judge received millions of dollars in financial kickbacks for sending children to for-profit jails.²³ He also commuted the sentence of a local official who pleaded guilty to wire fraud charges related to her 20-year-embezzlement of more than \$50 million from her city of roughly 15,000 people.²⁴ He also drew fire from a federal judge in North Dakota for commuting the sentences of two men convicted of fraud. Together, they had been ordered to pay nearly \$40 million in restitution to their victims.²⁵

President Donald Trump has also commuted the sentences of those convicted of fraud. In May 2025, he granted a full pardon to an individual who pleaded guilty of tax crimes the Department of Justice said cost the federal government nearly \$11 million.²⁶ The over \$4 million restitution the man was ordered to pay the federal government was wiped away as a result of the pardon.²⁷ In October, President Trump commuted the sentence of former Representative George Santos, who had been ordered to pay more than \$370,000 after he pleaded guilty to wire fraud and aggravated identity theft.²⁸ The President issued “an immediate commutation of his entire sentence to time served with no further fines, restitution, probation ... or other conditions.”²⁹ And in November, a former nursing home operator who pleaded guilty to charges related to what the President’s own Department of Justice called a “\$38 million employment tax fraud scheme” got a pardon from President Trump after enlisting the services of two lobbyists who themselves

<https://www.forbes.com/sites/alisondurkee/2026/01/16/trumps-pardon-list-puerto-rico-governors-co-conspirator-latest-big-time-donor-sprung-free-by-president/>.

²² Department of Justice, “Former Jenkins & Gilchrist Attorney Sentenced to 15 Years in Prison for Orchestrating Multibillion Dollar Criminal Tax Fraud Scheme,” Press Release, June 25, 2014, <https://www.justice.gov/archives/opa/pr/former-jenkins-gilchrist-attorney-sentenced-15-years-prison-orchestrating-multibillion-dollar>.

²³ Maya Yang, “Victims of ‘kids-for-cash’ Judge Outraged by Biden Clemency: ‘What About All of Us?’” *Guardian*, December 14, 2024, <https://www.theguardian.com/us-news/2024/dec/14/kids-for-cash-judge-biden-pardon>.

²⁴ Amanda Vinicky, “Dixon Officials Decry Commutation of Former Comptroller Rita Crundwell, Who Embezzled Almost \$54M in Public Funds: ‘It’s Not Justice,’” *WWTV News*, December 12, 2024, <https://news.wwtv.com/2024/12/12/former-dixon-comptroller-rita-crundwell-who-embezzled-almost-54m-public-funds-its>.

²⁵ Jeff Beach and Mary Steurer, “North Dakota Judge Blasts Biden for Setting Fraudsters Free,” *North Dakota Mirror*, December 18, 2024, <https://northdakotamirror.com/2024/12/18/north-dakota-judge-blasts-biden-for-setting-fraudsters-free/>.

²⁶ Department of Justice, “Owner of Florida Health Care Companies Sentenced for Employment Tax Crimes,” Press Release, April 11, 2025, <https://www.justice.gov/archives/opa/pr/owner-florida-healthcare-companies-pleads-guilty-tax-crimes>.

²⁷ Naomi LaChance, “Trump Pardons Criminal Whose Mom Attended Mar-a-Lago Fundraiser,” *Rolling Stone*, May 27, 2025, <https://www.rollingstone.com/politics/politics-news/trump-pardons-paul-walezak-mother-fundraiser-1235348794/>.

²⁸ Sarah Fortinsky, “Santos’s fines, restitutions wiped out by Trump’s clemency order,” *Hill*, October 20, 2025, <https://thehill.com/regulation/court-battles/5564409-george-santos-trump-clemency-fines-restitution/>.

²⁹ Executive Grant of Clemency for George Anthony Devolder Santos by Donald J. Trump, President of the United States, October 17, 2025, <https://www.justice.gov/pardon/media/1416476/dt?inline>.

were sentenced to probation for voter intimidation.³⁰ In December, the President commuted the sentence of a former private equity manager convicted in a \$1.6 billion fraud case. The fraudster in question no longer has to pay \$15.5 million in restitution as originally ordered.³¹ And just this month, the President pardoned a fraudster who was convicted in a second fraud case in 2024 after the President commuted the sentence for her first conviction in 2021.³²

Given these recent decisions, it is worth pausing briefly to highlight the dissonance between this administration's fixation on fraud in Minnesota and some of the pardons issued by President Trump.

Though a fundamental overhaul of the pardon power would require a constitutional amendment, other more modest limitations and restrictions could potentially be achieved legislatively and Congress must seriously engage in that effort, including by passing the Abuse of the Pardon Prevention Act.³³

Conclusion

In 2024, GAO estimated the loss to the government due to fraud is somewhere between \$233 billion and \$521 billion per year.³⁴ This is a hefty sum and a preventable problem. To put the Feeding Our Future situation in numerical perspective, note that the reported \$250 million in fraud stemming from that scandal would represent a little over .01% of total fraud at the high end of the range.³⁵ While fraud is still fraud no matter the dollar value, it is still useful to keep in

³⁰ Department of Justice, "Former Owner of Collapsed Nursing Home Empire Sentenced to 36 Months' Imprisonment for \$38 Million Tax Fraud Scheme," Press Release, April 17, 2025, <https://www.justice.gov/usao-nj/pr/former-owner-collapsed-nursing-home-empire-sentenced-36-months-imprisonment-38-million>; Michael Kranish and Aaron Schaffer, "The Case of a Felon Who Paid Lobbyists Nearly \$1 million to Seek a Trump Pardon," *Washington Post*, November 23, 2025, <https://www.washingtonpost.com/politics/2025/11/23/joseph-schwartz-trump-pardon-fraud/>; Michigan Attorney General, "Court of Appeals Upholds Attorney General's Criminal Charges in Voter Intimidation Robocall Case," Press Release, December 16, 2024, <https://www.michigan.gov/ag/news/press-releases/2024/12/16/court-of-appeals-upholds-attorney-generals-criminal-charges-in-voter-intimidation-robocall-case>.

³¹ Gregory Svirnovskiy, "David Gentile No Longer Required to Pay \$15.5m in Restitution After Trump's Commutation," *Politico*, December 3, 2025, <https://www.politico.com/news/2025/12/03/david-gentile-fraud-restitution-trump-00674963>.

³² David Voreacos, Zachary Mider, and Hadriana Lowenkron, "Trump Pardons Convicted Fraudster After Previous Clemency Grant," *Bloomberg*, January 16, 2026, <https://www.bloomberg.com/news/articles/2026-01-16/trump-pardons-convicted-fraudster-after-earlier-clemency-grant>.

³³ Robert A. Levy, "The U.S. Needs to Rein in Presidential Pardon Power," *Cato Institute*, February 3, 2025, <https://www.cato.org/commentary/us-needs-rein-presidential-pardon-power>; Abuse of the Pardon Prevention Act, H.R. 7694, 116th Cong., (2020), <https://www.congress.gov/bills/116/7694/all-info>.

³⁴ Government Accountability Office, *Program Integrity: Agencies and Congress Can Take actions to Better Manage Improper Payments and Fraud Risks*, GAO-25-108172 (March 11, 2025), <https://www.gao.gov/products/gao-25-108172>.

³⁵ 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," Press Release, March 19, 2025, <https://www.justice.gov/usao-mn/pr/federal-jury-finds-feeding-our-future-mastermind-and-co-defendant-guilty-250-million>.

perspective the relative scale and scope of any given instance of fraud as compared to the overall problem.

The only way to truly address the persistence of fraud and waste in the federal government is to adopt pragmatic and time-tested reforms while also empowering watchdogs — who have the expertise in the work of oversight and fraud-prevention — so they can do this work effectively.

Reforms aimed at enhancing objective, nonpartisan oversight, along with modernizing information technology systems and architecture for purposes of federal spending transparency and accountability, are the only sustainable and truly effective paths toward mitigating fraud and ensuring efficacy throughout the federal government.

Virtually no reasonable interlocutor, least of all the Project On Government Oversight, would disagree with the proposition that fraud in federal government spending exists and that it should be prevented and perpetrators should be pursued and held accountable when it does happen. A cursory look at what I have laid out here today as well as in previous congressional testimony, along with recommendations spanning the nearly 45 years we have existed, will show the reality: We mean it when we say that waste, fraud, abuse, and corruption represent a serious challenge to the functioning of an effective federal government and we must do something to address them.

Where we may diverge from some stakeholders is whether we find value in focusing exclusively on sensationalistic anecdotes in lieu of the less flashy but more important work of enacting practical reforms. Each scandal is idiosyncratic and sui generis, meaning it will not necessarily offer actionable and generalizable solutions. This is why it is absolutely paramount to focus on cleaning up the systems and architecture currently in place for monitoring and analyzing federal government programming and activities. It is crucial to adequately resource and protect key oversight and accountability practitioners and stakeholders. It is vital to conduct evidence-based, fact-driven oversight that can generate sound policy interventions and reforms.

We should not get distracted by provocative incidents driven by political, partisan, or ideological agendas. Fraud and corruption are too important an issue for us to indulge slipshod investigations or politically motivated attacks. Oversight and accountability targets should never be derived on the basis of the demographic characteristics of either victims or perpetrators, or the favored or disfavored status of involved constituencies. That way lies madness — and a nearly certain continuation of an untenable status quo.

Mr. BIGGS. Thank you, Mr. Hedtler-Gaudette, and I forgot to mention. When you have about 10 seconds left, I will just tip that so you will, so everybody will know that as well.

Mr. Shirley, you're recognized for your opening statement.

STATEMENT OF NICK SHIRLEY

Mr. SHIRLEY. Awesome. I'm here today to speak on behalf of all hard-working, law-abiding taxpaying citizens here inside of the United States.

I've helped bring to light widespread fraud that's happening inside our Nation, and we the people, have had enough of our hard-earned money going toward fraudsters as if it's no big deal.

As I speak here, I want to ask everyone a question. How much do we trust when we pay our taxes, it's going to benefit our Nation?

People erupted during the Boston Tea Party over just a few percentages as they believed they were being taxed without representation. Nowadays, we have the representation, but do we trust our representatives?

My name is Nick Shirley, and I made a 41-minute video that I posted on platforms like X and YouTube. My video received over 100 million views, and it created instance change within our government.

As the Federal Government launched investigations in departments such as Health and Human Services, froze over \$185 million in childcare funding, until businesses can prove they are legitimate businesses.

I actually became aware of the fraud that was happening in Minnesota in June 2025, as I was there for a separate video and Minnesotans started reaching to me asking if I was making a video on the fraud.

I said well, what fraud? This lady, she was a real estate agent and she says well, I'm having a hard time selling my properties because people are curious about these assisted livings that are popping up next door to some of the houses that we're buying, or the home healthcare clinics that are popping up. We don't know who is next to these houses that we're trying to sell.

I said well, I'm not going to come and make a video if I don't have any proof. Therefore, I left Minnesota, and I continued to look for fraud in the best way I could.

As I was getting my own information, a man by the name of David reached out to me and he said hey, I have been investigating this fraud for years now.

I have been driving by these childcare centers. I have never seen a single child, and I have received information from the State of Minnesota as to how much money these places are receiving.

I said great, let me come to Minnesota and we'll make this video about potential fraud that was taking place inside of Minnesota.

We go to a daycare and I'm instantly surprised by what we see. We arrived, and it was an industrialized building, and there was two daycares registered at that daycare—at that building.

The first thing I noticed is all the windows are blacked out, and there's no footprints in the snow of any children. There are no play-

grounds, or anything that would make it look like it was a childcare.

Above me a sign read, open 7 a.m. to 10 p.m., but there is nobody there. The doorbell did not even work.

Then, we continued to go to other daycares and we noticed the same pattern. No children, blacked out windows, and one daycare, a learning center, spelled "Quality Learning Center," instead of "Quality Learning Center."

They had received \$1.9 million, yet with that \$1.9 million, they could not even spell learning right on their sign.

Government Walz has said he's been fighting fraud in Minnesota since 2019, and said the buck stops with him. However, how long would it take for you to notice \$1 million being—leaving your bank account and not knowing where it's going? That's essentially what had been happening in Minnesota for years as billions of dollars have been misplaced.

Meanwhile, while people like Governor Tim Walz call people like me a White supremacist delusional conspiracy theorist, he actually decided to drop out of reelection because I believe, of how deep and extensive this fraud is.

Thank you very much. Since my reporting, the HHS department froze over \$185 million and to this day, not a single business has been able to prove proof of legitimacy.

How fast would you be proving that you are a legitimate business if you have children to actually feed and to take care of? You'd be sending that paperwork instantly.

I made this video to document the widespread fraud that has been taking place as I truly believe all fraud is bad. People like me, my generation, we're sick of seeing tax dollars go toward fraud.

We just want to have the same opportunities that our fathers and our grandparents had, and when you see people making millions of dollars by committing fraud, it upsets everybody from all age demographics.

I hope today we can have a good conversation, and we can all agree that fraud is bad, and that fraud is fraud, and I wish the best for our country, and that's what needs to be happening is to crack down on all forms of fraud.

Thank you for having me and God bless the USA.

[The prepared statement of Mr. Shirley follows:]

Testimony of Nick Shirley, Independent Journalist

I am here today to speak and represent every single hard working law abiding tax paying citizen in the United States of America. I've helped bring to light wide spread fraud inside our nation and we the people have had enough, no American should be struggling to pay their bills while fraudsters take their hard earned money as if it's no big deal. As I speak here today I'd like to ask everyone a question, how much do we trust that when we pay our taxes it is going to go to benefit our country?

People erupted during the Boston tea over a few percentages while they felt like they were being taxed without any representation. Nowadays we have the representation but do we trust our representatives?

My name is Nick Shirley and I made a 41 minute video that I posted onto platforms like X and YouTube. My video received over 100 million views and created instant change within the government.

As the federal government launched investigations and departments such as Health and Human services froze over 185 in childcare funding until businesses can prove they are a legit business

I became aware of the fraud occurring in the state of Minnesota in June. Minnesotans reached out to me talking about the fraud that was taking place inside of their community. One of the Minnesotans was a real estate agent who had seen strange assisted living centers or home healthcare's pop up next to the homes that she was selling. At the time this woman and her colleagues agreed to do an interview with me on fraud occurring in their state. We had plans to meet. Unfortunately last minute they all backed out because they were afraid of what might happen if they spoke out against the fraud.

I started doing my own research and looking into the fraud. A few months later a man by the name of David messaged me saying that he had been investigating fraud in Minnesota on his own for years. He had the information. I then went to Minnesota to meet him. On December 16 we met to go do our investigation. We had the locations, their capacity numbers and the amount received in CCAP funding. We went to the daycare's, autism centers, and healthcare providers, and to my surprise the businesses were not operating how a typical business would operate. The first daycare we went to, was in an industrial building. There was no playground, no children footprints in the snow. They had all of the windows blacked out. The doorbell was broken and the sign said 7am to 10PM yet there was no one to be found. This daycare in 2025 had received over \$1 million in CCAP funding. This continued to be a pattern as we went to other daycare locations. One daycare in downtown Minneapolis The Quality Learning center had misspelled the word learning. Once again no playground, one door to the daycare and the door window was blacked out. They had received \$1.9 million in CCAP funding.

Governor Walz has said he has been fighting fraud in Minnesota since 2019 and said the buck stops with him however it seems like him and his state have been enabling this fraud to continue to go on for years. Since my reporting the HHS department froze \$185 million in

childcare until a business could show proof that they are a legitimate business. Currently not a single business has submitted any proof of legitimacy.

I made this video to document the widespread fraud that has been happening in the state of Minnesota. Fraud is fraud and we the people work way too hard for our hard earned tax dollars to go towards fraudsters. Thank you for having me and God bless the USA.

Mr. BIGGS. Thank you, Mr. Shirley. Now, I recognize Ms. Larson for your five minute opening statement.

STATEMENT OF JENNIFER LARSON

Ms. LARSON. Chair, Ranking Member, and the Members of the Committee, thank you for allowing me to speak today on this issue.

My name is Jennifer Larson, I am the Founder and CEO of Holland Center in Minnesota. I have been an autism provider for over 20 years and started the organization for my son.

I built Holland Center because families with children like mine, were desperate for help. Desperate for services and stability; desperate for somewhere they could trust their child would be supported and helped.

Not sent home on a bad day; not babysat in a classroom and forgotten. We serve the children that don't succeed in public school settings.

What started as a small program grew over two decades into four locations that families rely on not just for therapy, but for hope, routine, and survival.

This work is a labor of love for me. Just like me, there are providers all over the State laboring with love to help these children.

In this week, Holland and other programs all over Minnesota are collapsing. Not because we committed fraud, but because a crime ring was allowed to operate inside Minnesota's service system, and the government's clumsy response is now destroying legitimate long-standing providers, and devastating families that we serve.

Families come to Holland; they do not have a backstop. Their children often receive 30 or more hours of therapy a week. These are not an extravagance; these are medically necessary.

These children learn to communicate, regulate their emotions, reduce dangerous behaviors, and function in daily life.

For many parents, therapy determines if they can work. Consistent staff and therapy prevent severe behaviors and regression. Structured care keeps children and their siblings safe.

When services disappear, families do not just simply adjust. They face a crisis. For more than two decades, Holland has served hundreds of children year after year, employed hundreds of clinicians and staff.

Operated under yearly on sight audits, inspections, and documentation oversight. Delivered real services to real children every day.

We have always complied with everything the system required.

Yet, within the last month, the State has withheld over \$400,000 in Medicaid funds for my own program, and that number grows every single day.

I had to infuse my personal funds to survive these weeks, but I can't do that any longer without payment.

Let me be clear. We are a fee-for-service industry. When we can't pay our staff, we lose our staff and children lose care.

Families do not lose appointments; they lose the people they trust. What happened in Minnesota had nothing to do with the ethical, longstanding autism providers.

What happened was organized criminal networks that exploited autism services by opening fake centers, billing for children that

did not exist, billing for services never delivered, and stealing millions of taxpayer dollars in the process.

These are not minor compliance issues. They are criminal enterprises. Families trusted that the government was protecting the integrity of the system. It failed.

Now, instead of doing the obvious thing and targeting criminal actors, the response has been to freeze everyone's payments.

That decision does not punish the criminals; it punishes innocent children and families.

As Medicaid payments are delayed due to prepayment review by an insurance company that is in the business of denying claims, providers are reducing hours, cutting staff, and starting to close.

Families are scrambling for alternatives that don't exist. Children are regressing; parents are leaving jobs to care for their disabled children.

Autism therapy cannot be paused without consequences. Loss of services can erase years of progress in weeks, and abrupt disruption of services can cause life-long consequences in these children.

This is not abstract harm. It is daily trauma for families already carrying an extraordinary burden.

The simple solution to the problem is to send the criminals to jail and allow trusted providers with decades of clean audits and verified ownership structures to continue providing prescribed, ethical therapy, and go back to paying them what we've earned, and resume paying them on time.

I built Holland for 20 years. Families built their lives around the care that we provide. All of that is risk of destruction today.

Not by fraud, but by clumsy government response that failed to distinguish between criminals and caregivers. It treats children with disabilities—

Mr. BIGGS. The gentlelady will suspend. We've got a photographer there. We allow photographers in here, but not between the panel—the witnesses and the Members. You will please move. Photographer, please move.

Ms. LARSON. OK, thank you.

Mr. BIGGS. Like, right now.

Ms. LARSON. OK, we are sorry.

Mr. BIGGS. We will—

Ms. LARSON. All of that is at the risk of destruction—sorry, can I continue?

Mr. BIGGS. Yes, please continue.

Ms. LARSON. Not by fraud, but by the clumsy government response that fails to distinguish between criminals and caregivers. It treats children with disabilities as acceptable collateral damage. Fraud must be stopped and criminals prosecuted.

I'm a taxpayer, and I live in Minnesota. This is disgusting. Families and children should never pay the price for government failure. Thank you.

[The prepared statement of Ms. Larson follows:]

WRITTEN TESTIMONY OF JENNIFER VANDERHORST-LARSON

Founder & CEO, Holland Center for Autism

Before the U.S. House Committee on the Judiciary

Chairman, Ranking Member, and Members of the Committee,

My name is Jennifer Larson. I am the founder and CEO of the Holland Center for Autism in Minnesota. I have been an autism provider for more than 20 years and started this organization for my son.

I built Holland Center because families with children like mine were desperate for help. Desperate for services and stability. Desperate for somewhere they could trust their child would be supported, and helped — not sent home on a bad day, babysat in a classroom and forgotten. We serve the children that don't succeed in public school settings.

What started as a small program grew over two decades into four locations that families rely on not just for therapy, but for hope, routine, and survival. This work is a labor of love for me. Just like me, there are providers all over the state laboring with love to help children with autism. And this week Holland and other autism programs all over Minnesota, are collapsing.

Not because we committed fraud.

But because a crime ring was **allowed** to operate inside Minnesota's autism services system, and the government's clumsy response is now destroying legitimate longstanding providers and devastating the families we serve.

Families who come to Holland do not have a backstop.

Their children often receive 30 or more hours of therapy per week. These services are not an extravagance. They are medically necessary. They help children learn to communicate, regulate emotions, reduce dangerous behaviors, and function in daily life.

For many parents:

- Therapy hours determine whether they can work
- Consistent staff and therapy prevent severe behaviors and regression

- Structured care keeps children and their siblings safe

When services disappear, families do not simply “adjust.”

They face a crisis.

For more than two decades, Holland has:

- Served hundreds of children, year after year
- Employed hundreds of clinicians and staff
- Operated under yearly onsite audits, inspections, and documentation oversight
- Delivered real services to real children, **every single day**

We have always complied with everything the system required.

Yet within the last month, the state has withheld over \$400,000 in Medicaid funds for my program and that number is growing daily. I had to use a line of credit to survive these weeks but can't survive much longer without payment.

Let me be clear:

We are a fee for service industry. When we can't pay our staff, we lose our staff and children lose care.

Families do not lose “appointments.”

They lose the people they trust.

What happened in Minnesota had nothing to do with the ethical, longstanding autism service providers.

What **did** happen was organized criminal networks that exploited autism services by:

- Opening fake centers
- Billing for children who did not exist
- Billing for services that were never delivered
- And they stole millions of taxpayer dollars in the process

These were not minor compliance issues.

They were criminal enterprises.

Families trusted that the government was protecting the integrity of the system. It failed.

Now, instead of doing the obvious thing and targeting criminal actors, the response has been to freeze payments to everyone.

That decision does not punish criminals.

It punishes innocent children and families.

As Medicaid payments are delayed due to “pre-payment reviews” by an insurance company that is in the business of denying claims:

- Providers are reducing hours, cutting staff and starting to close
- Families are scrambling for alternatives that do not exist
- Children are regressing
- Parents are leaving jobs to care for their disabled children

Autism therapy cannot be paused without consequences.

Loss of services can erase years of progress in weeks and abrupt disruption of services can cause lifelong consequences for these children.

This is not **abstract** harm.

It is daily trauma for families already carrying extraordinary burdens.

There is a simple solution to this problem. Send the criminals to jail. And allow trusted providers, with decades of clean audits and verified ownership structures, to continue providing prescribed, ethical therapy. And go back to paying them what they’ve **earned** and resume paying them on time.

I built Holland for over 20 years.

Families built their lives around the care we provide.

All of that is at risk of destruction today.

Not by fraud —

but by a clumsy government response that fails to distinguish between criminals and caregivers. It treats **children with disabilities as acceptable collateral damage.**

Fraud must be stopped and criminals must be prosecuted.

But families and children should never pay the price for government failure.

Thank you.

Mr. BIGGS. We will now proceed under the five-minute rule with questions. The Chair recognizes the gentleman from Wisconsin, Mr. Tiffany, for five minutes.

Mr. TIFFANY. Thank you, Mr. Chair. Besides the work Mr. Shirley has done, I want to recognize Power Line, who has done yeoman's work, exposing this over the last decade as to what has happened.

I just want to say, Ms. Larson, I live in Northern Wisconsin. There is an autism school that was started in my community.

Where did we visit when we wanted to start that a decade ago? We came to Minnesota where you have been leaders in having good autism programs.

I think about the tremendous fraud that has gone on in nutrition programs, housing programs, but is there anything more heinous than abusing an autism program?

Ms. LARSON. I can't imagine. It's so hard to believe that people are faking that children have autism and stealing money from the government.

When I'm sitting here with my 25-year-old nonspeaker, and now children like my son aren't going to have services because they stole money from the government and faked these things.

It's just, it is like I said, "disgusting."

Mr. TIFFANY. With what's going on right now, what are the families that you're serving, what are they saying?

Ms. LARSON. They're scared.

Mr. TIFFANY. What are they doing?

Ms. LARSON. Everybody's scared. There are centers or programs that have already shutdown. Staff are leaving. This week, I asked my staff who will take unpaid leave because we can't keep going like this.

Like I said, I'm \$400,000 plus in debt now, and I'm not assured these are going to get paid back. I went to a bank, and they wouldn't back the receivable because they said that's not a receivable. If it's prepayment review, you may not get it.

Mr. TIFFANY. Ms. Larson, none of this would have happened if fraud has not occurred, is that accurate?

Ms. LARSON. Yes.

Mr. TIFFANY. Mr. Dexter, could something been done about this earlier?

Mr. DEXTER. Yes. As I stated in my opening testimony, in the years that I worked there, we identified how fraud was occurring, the loopholes that existed. We brought—

Mr. TIFFANY. What were some of the warning signs, Mr. Dexter?

Mr. DEXTER. Well, the fact that part of our job was to go and collect attendance records. We would find attendance records that were either incomplete or nonexistent.

Obviously, there were times we found them to be fabricated because they were given to us way later. The same with billing records.

They were allowed 30 days after the end of the billing period to submit billing records. They were not immediately available to us. It kind of allowed overpayments or double payments to be overlooked.

We had the attendance record issue. We had the fact that there was no way to verify who was signing the children in and out. No way to verify what times those children were signed in and out.

Mr. TIFFANY. Could I do a followup here? In Wisconsin, we learned this month that Ibrahima Diop, a Minneapolis school finance boss, placed on leave for failing to submit required financial paperwork with the Minneapolis School District and for signing questionable contracts linked to the Somali fraud scandal, was hired by the Milwaukee Public School System as a deputy superintendent at a salary of \$240,000 a year.

Do you think it wise, might that be a warning sign that this person was involved, may have been involved with fraud in Minneapolis? Shouldn't they be concerned in Wisconsin that this is going—that they're hiring someone like that?

Mr. DEXTER. Well, if somebody that they hired has a past history and practice of doing that type of stuff, I would be very leery of it occurring again, or that being the basis that they're hired.

Mr. TIFFANY. Governor Evers refused to open the books and is blocking Federal audits of our food stamp and Medicaid programs, and he also vetoed four auditor positions in a recent budget. Do you think that is also a warning sign?

Mr. DEXTER. Yes, if it's preventing—

Mr. TIFFANY. Or ill advised? Would that be a better way to pose the question?

Mr. DEXTER. Yes, if it prevents the oversight and the ability to audit and look at the records to make sure it can have a check-and-balance system, that would be very unwise because again, that allows fraud to occur.

Mr. TIFFANY. Because Mr. Shirley, what is happening in Minnesota, it could be happening throughout the United States, isn't that correct?

Mr. SHIRLEY. Correct.

Mr. TIFFANY. If there's one thing we've learned or "learned" as said in Minneapolis, isn't it possible that this is happening everywhere?

Mr. SHIRLEY. Yes, I believe it is.

Mr. TIFFANY. Mr. Chair, I yield back.

Mr. BIGGS. The gentleman yields. I now recognize the Ranking Member of the whole Committee, Mr. Raskin, for his five minutes of question.

Mr. RASKIN. Thank you very much, Mr. Chair. I thank all the witnesses for your excellent testimony. Mr. Hedtler-Gaudette, administration is systematically undermined government oversight.

The President has fired more than a dozen inspectors general, not for any cause but seemingly just in retaliation for doing their jobs and to block unwanted investigations.

President Trump has defunded the Counsel of Inspectors General on Integrity and Efficiency. He's removed independent leadership at the Office of Special Council and the Office of Government Ethics. Blockading whistleblowers and numerous investigations.

What is your assessment, Mr. Hedtler-Gaudette, of the Trump Administration's apparent systematic opposition to internal oversight mechanisms in the Federal Government?

Mr. HEDTLER-GAUDETTE. Thank you, Ranking Member Raskin. My assessment is that the last year or so has been one of the most antioversight and antiaccountability periods that I have witnessed in our Federal Government.

The things you laid out as well as others, are the sort of proof in the pudding there. Speaking of things that should be giving us pause and raising red flags, that should all be giving us serious pause and raising serious red flags about how seriously people who claim to take oversight and accountability fraud, how seriously do they actually take it?

Mr. RASKIN. There's been a lot of attention given to Donald Trump's extraordinary use of pardon power, as in the pardon of violent insurrectionists and cop beaters.

There's also been a forgiveness of a billion and a half dollars in restitutionary fines that various people had to pay.

A lot of them are fraudsters. The DOJ in Trump's first term, brought bank fraud and tax evasion charges against reality TV stars Todd and Julie Chrisley.

They were convicted in 2022. They owed more than \$22 million in restitution to taxpayers and to their victims. Then, Trump suddenly, inexplicably pardoned them and forgave all the money that they were supposed to be paying back to their victims.

Todd Chrisley bragged publicly about his get out of jail free card, jubilantly exclaiming the Feds got F'd.

Let me give you one other example. Trump on April 23rd, issued a pardon for Paul Walczak, a former nursing home executive who pleaded guilty to multiple tax crimes.

What he was doing was taking millions of dollars from the nurses, orderlies, and doctors who worked for him at his facilities, took more than \$10 million that way.

Instead of giving it to the IRS for their taxes, he used the money to buy a \$2 million yacht, and to pay for high-end jet travel, and to go shopping at Bergdorf-Goodman and Cartier.

Well, he was sentenced to 18 months in prison for stealing his tax, his employees' tax withholdings, and he was ordered to pay his employees back \$4.4 million for the money he looted from their accounts.

He was going to have to pay that back, but then he got his mom to go do a glitzy fund-raising dinner for Donald Trump at Mar-a-Lago.

She paid \$1 million for her ticket. Then, right after Trump was inaugurated in his second term, Walczak petitioned for a Presidential Pardon arguing that he was the victim of political retaliation because they were Trump supporters.

What do you know, President Trump issued a complete pardon with forgiveness of all the financial fines and restitution, that Mr. Walczak was going to have to pay back to his workers, the nurses, doctors, and orderlies.

That was forgiven. That was \$4 million taken away from the victims of a fraud and given back to the perpetrator of the fraud.

OK, now if we had all day, we could go on all day with this because that's how their pay-to-play pardon system works.

What does this do to our efforts to root out fraud and corruption systematically in the government, in crimes, and in different industries?

Mr. HEDTLER-GAUDETTE. I think it provides a perverse incentive structure. I opened my statement by saying that we all have an obligation and a responsibility to do what we can to prevent fraud and to hold perpetrators of fraud accountable.

That last bit, holding a perpetrator of fraud accountable perhaps via conviction, doesn't mean much if all one needs to do is contribute to the right super PAC, or attend the right fund raiser and suddenly that accountability and that conviction is wiped away, including the financial restitution you mentioned.

Those kinds of actions are at direct cross purposes with any effort to promote a broader, more systemic approach to rooting out waste, fraud, and abuse.

Mr. BIGGS. The gentleman's time is expired.

Mr. RASKIN. Thank you very much, and I yield back.

Mr. BIGGS. The Chair recognizes the Chair of the Full Committee, Mr. Jordan.

Chair JORDAN. Thank you, Mr. Chair. Mr. Dexter, let me make sure we get this right. You get tips and complaints. Whistleblowers or others come to you and tell you something is not right at these childcare centers in your State that are getting all kinds of taxpayer money. Is that right? That's how it started?

Mr. DEXTER. That is correct.

Chair JORDAN. Then, you go and do your work? You have got 28 years' experience investigating things and specifically in the crime and financial fraud area, is that right?

Mr. DEXTER. That is correct.

Chair JORDAN. You go out and find these childcare centers, there aren't any kids. No kids are there. There are some, but it is like you don't see the playground. You don't see any kids at a place where they are supposed to be helping children. Then, you also find out most of them are run by Somali individuals. Is that accurate?

Mr. DEXTER. That is correct.

Chair JORDAN. Then you make some recommendations. You said here is what we should do. I think you put this on page 2 of your testimony. You said there are some basic things you should do. You said they didn't have a biometric attendance system. They should do that. They should have electronic submission requirements. They need security cameras. You made some recommendations.

Mr. DEXTER. Yes.

Chair JORDAN. Then what happened?

Mr. DEXTER. Nothing.

Chair JORDAN. They ignored your recommendations. It didn't stop there, did it? They ignored your recommendations. They called you a racist, right?

Mr. DEXTER. Correct.

Chair JORDAN. Typical Left. I always say the Left. Well, the Left will tell a lie. Big media will report it. You tell the truth. They call you a racist. Exactly what happened here.

They ignore your recommendations. They call you a racist, but it even got worse than that if you can imagine. They started investigating you, is that right?

Mr. DEXTER. Yes, we were interviewed by an outside firm for a report given to the Office of Legislative Auditor.

Chair JORDAN. What did that report look like? What did they say? Did they call you a—what did the report say?

Mr. DEXTER. The report basically questioned our investigative tactics, looked at how our unit was managed.

Chair JORDAN. Even though you had 28 years' experience in this particular area, tips and whistleblowers came to you, even though that was a whole catalyst for doing it?

Mr. DEXTER. Correct.

Chair JORDAN. Yes. OK. The end result is what? The end result is Ms. Larson, who is actually helping people, she suffers and the people she helps suffer. Isn't that right, Ms. Larson? Not to mention the fact that taxpayers are getting ripped off, but the people who do good work, who actually help people, you suffer.

Ms. LARSON. The disabled are paying for the money stolen.

Chair JORDAN. Yes. Why do you think all this is the case? All of this brings to me that this seems to be a typical pattern.

In the end, you have got to ask why. When you point out what is going on, you have good people doing good work who suffer. The taxpayers are getting ripped off. Someone has got to ask, well, why did they take the—not follow your recommendations, call you a racist? Investigate you instead of just fixing the problem. Why did they do that? What could be the answer? Does anyone want to hazard a—Mr. Shirley, do you want to hazard a guess why that is the case?

Mr. SHIRLEY. Well, they simply use that as a deflection technique to make you not want to speak out against the fraud.

Chair JORDAN. Yes, it seems to me it is politics. Do you think it is politics, Mr. Dexter?

Mr. DEXTER. Yes, I do.

Chair JORDAN. Yes, the people at the top, well, don't want to do this. We don't want to be called racist. In fact, we found that out a week ago in a hearing where we were looking at this Feeding Our Future Program.

We found out they actually shut that program off for a while. They said time out. Something is not right here. They found the same kind of things you found, Mr. Dexter. They said we are going to stop payment and then it was restarted. The reason it restarted is because they threatened a racial discrimination lawsuit against the authorities there in Minnesota.

OK. Forget about the fact that if we do this, we restart the money, we are going to hurt good people like Ms. Larson and the people she helps and rip off the taxpayers. We are going to do it all for politics.

We also found, interestingly enough, the Attorney General of Minnesota was at a meeting with the key folks in this particular program and then they found out a couple weeks later they start sending him campaign contributions. It is politics. It is politics driving it all.

That is why it is appropriate we are investigating here at the Congressional level. That is why it is appropriate that the Department of Justice has put in place a specific individual to focus on this not only in Minnesota but around the country.

I talk too much. Anyone else wants to—I will give Mr. Shirley and Ms. Larson a chance to say anything you want. If not, I will yield 28 seconds to our Chair. I will 20 seconds, the remaining of my time to the Chair.

Mr. BIGGS. Mr. Hedtler-Gaudette, would it surprise you that Joe Biden issued pardons to someone named Crundwell, who had the largest municipal fraud in the country's history and had a restitution amount of \$53.7 million that was never paid on the commutation. Would that surprise you, sir?

Mr. HEDTLER-GAUDETTE. That would not surprise me. Actually, in my written statement, I outlined how pardons under the last administration, the Biden Administration, they also fall under the same pattern of pardoning convicted fraudsters. I am in agreement with you there.

Mr. BIGGS. Thank you. Without objection—that time has expired. Without objection, Mr. Cline will be permitted to participate in today's hearing for the purpose of questioning the witness if a Member yields in time for that purpose.

Now, we are going to go to Mr. Moore from Alabama.

Mr. MOORE. Thank you, Mr. Chair. All this talk about pardons and the ultimate shyster, one of them was Hunter Biden. He got pardoned after Joe promised he wasn't going to do that on the way out. Anyway, that is another pardon for another day.

Ms. Larson, I am impressed with your son. I honestly thought he was your attorney when you guys were sitting there. Were there early warning signs that could have been acted on that could have prevented the fraud schemes from growing to the scale that we see now?

Ms. LARSON. I would say yes. Looking back, the Somali community in Minnesota has a high prevalence of autism. I know that because I serve a lot of minorities in my centers. When these centers started popping up, I thought good for them. I took care of my son. We have had a waiting list for five years. I thought it was a positive.

Then, it just started to go and go to where now it is 400 plus of these. I had started—and I didn't Nick Shirley it—that is a verb now, and go out and see because obviously, I am busy and that is not what I have time for.

There were a lot of early warning signs. If anyone was actually paying attention—

Mr. MOORE. They would have caught it.

Ms. LARSON. Oh, 100 percent.

Mr. MOORE. How long have you been in business, 20 years, is that—

Ms. LARSON. Over 20 years.

Mr. MOORE. You went through a number of audits every year, right?

Ms. LARSON. Every year, onsite.

Mr. MOORE. How is it that these groups are getting away with it and you are under the thumb of the government auditing you every year. Why do you think that is?

Ms. LARSON. Either there is a double standard, and they don't, for whatever reason, have the same expectations that we do or they are just—

Mr. MOORE. Chair was on to something, maybe it is politics.

Ms. LARSON. Yes.

Mr. MOORE. Mr. Shirley, now I guess investigative journalist now known as Right-wing social media influencer, so can you confirm how many daycare centers you personally visited in Minnesota during your investigation?

Mr. SHIRLEY. During that first video, we went to around seven.

Mr. MOORE. How did you select those facilities? I know you said earlier, "footprints in the snow." How is it that you identified those facilities to go to initially?

Mr. SHIRLEY. The man, David, in the video, he had the daycares with the CCAP funding. We just simply drove around Minnesota and around the Minneapolis area.

Mr. MOORE. It took a lot of courage to do that I would imagine, probably more so now than what it was when you initially did it. A hundred million views you said?

Mr. SHIRLEY. Yes, over 140 million views on that.

Mr. MOORE. What was Mr. David's background? How did you contact him? How did he call you or did you reach out?

Mr. SHIRLEY. He is simply—he is just a man in Minnesota who has a passion for his city. He had been seeing fraud taking place for years. Out of the all the thousands of messages I get on Instagram and other platforms, I just happened to read his. He provided me the information. I gave him a phone call.

Mr. MOORE. Then from there, just went to those different facilities. What was probably the most interesting thing as you were doing this. I saw the video. We watched it. I believe there were a number of facilities like in the same building.

Mr. SHIRLEY. Yes. In one building there was, I believe, three daycares, and there were no children. They were all receiving CCAP funding for separate daycares.

There was one daycare we went to that one day it was closed by the government, and then that same day it was reopened underneath another name. They both received CCAP funding.

Mr. MOORE. I bet, Ms. Larson, they weren't getting audited yearly like you were.

Ms. LARSON. I would guess not.

Mr. MOORE. How many daycares are there in Minneapolis that we think are fraudulent right now, Mr. Shirley? Any idea? Are there an amount of money, total? Do you got any idea on that?

Mr. SHIRLEY. Well, they froze over \$185 million and not a single business has been able to prove that they are a legitimate business yet.

Mr. MOORE. The \$185 million for sure that we know.

Mr. Dexter, I have got a question for you. What common patterns or warning signs usually indicate that the provider of the program may be committing fraud?

As you were doing your investigations in 28 years of experience, what are some of the indicators that you see that should be a tell-tale sign or a red flag that there is fraud there?

Mr. DEXTER. Well, one of the immediate signs that we saw that when we went out to look first at the location where that was located. A lot of times they were located in commercial areas. I am not talking like strip malls or anything like that. I am talking

about industrial areas where you wouldn't typically find a childcare center.

We would notice that there was no play area. If there was any play equipment, it was bare minimum. Now, there was an exception that if there was a playground area within a very short walking distance, that would count. A lot of times we didn't see that.

The most glaring thing was that when we watched the centers, we would sit and watch it for a couple of days before we even put up surveillance cameras, we would watch. We would see little to no children present. If anything, there would be a few kids.

Mr. MOORE. As you began to blow the whistle, the investigator became—

Mr. BIGGS. The gentleman's time has expired.

Mr. MOORE. I yield back, Mr. Chair.

Mr. BIGGS. Thank you. The Chair recognizes the Ranking Member, Ms. McBath.

Ms. MCBATH. Thank you, Mr. Chair. When he began his second term, President Trump broke from historic norms and fired 17 inspectors general, people who serve as critical watch dogs and prevent waste, fraud, and abuse.

A Federal judge held that these firing were illegal, but also held that she could not reinstate these people due to their important roles. As a result, the President has been able to appoint acting inspectors general who have themselves been removed after information to Congress that Trump officials are not cooperating with investigations.

Mr. HEDTLER-GAUDETTE, how do these frequent firings affect the ability of the inspector general offices to prevent and investigate fraud?

Mr. HEDTLER-GAUDETTE. They fundamentally undermine it, and they also create a real chilling effect for the inspector generals who are left. The incentive to do something that could upset the powers that be, suddenly becomes a bit of a risky proposition. Between completely undermining them and the chilling effect, you are really dampening and damaging the ability to do real oversight.

Ms. MCBATH. Thank you. How does the politicization of inspector general appointments affect the morale and effectiveness of career investigative staff that are within these offices?

Mr. HEDTLER-GAUDETTE. It also has a severely negative effect on morale and efficacy within the offices.

Ms. MCBATH. I believe we can and should do more to prevent fraud and improve oversight so that all our government efforts are doing the most that they can to help the American people.

When the Judiciary Committee marked up the Republican's partisan big ugly spending bill, I offered an amendment that would dedicate half of one percent of funding to be used for oversight, fraud improvement, and prevention. My Republican colleagues, they opposed the amendment.

Mr. HEDTLER-GAUDETTE, in your opening statement, you spoke on steps that Congress could take to ensure robust, nonpartisan oversight. The Project on Government Oversight recently published an article, "7 Ways Congress Should Sharpen Its Oversight in 2026." Can you pass him this?

Mr. BIGGS. Without objection.

Ms. MCBATH. Thank you. Thank you. Is there anything else that you want to highlight from those recommendations?

Mr. HEDTLER-GAUDETTE. Sure, yes. I just want to pause to note that Congress really is the indispensable actor when it comes to doing oversight. They are supposed to be a somewhat adversarial relationship between the branches, and Congress is supposed to be the primary adversary when it comes to—there are two branches in conducting oversight. That is predicated at Congress taking that oversight duty seriously irrespective of who is in charge of the other two branches.

There is a political will issue there with oversight but also there are some mechanical issues. Congress could do a better job of holding hearings that are a bit more bipartisan, a bit more focused on the facts as opposed to the sizzle of a given anecdote or scandal. Really trying to get at root causes and really trying to take hard, deep looks at the underlying structural reasons why things like fraud happen.

It is not as sexy. It is not going to get you as many views on social media. It is going to actually ideally lead to long-term, sustainable, durable reforms that can really crack down on the problem.

Ms. MCBATH. Thank you. The short-lived DOGE office was supposed to cut fraud. Mr. Hedtler-Gaudette, what did it actually do, and how did its actions actually affect everyday Americans?

Mr. HEDTLER-GAUDETTE. DOGE was a complete failure. Even on its own terms, the primary progenitor of DOGE claimed that he was going to find \$2 trillion. Then, he moved that down to \$1 trillion in waste, fraud, and abuse cutting spending. In 2025, we actually spent more money than we spent in 2024.

At the opening of this Fiscal Year in October, we ran the largest opening month budget deficit ever run before at \$285 billion. We have hollowed out the key functions of a bunch of agencies. Any claim that DOGE was effective either on cutting spending, promoting effectiveness, or efficiency are just flat out undermined and undercut by the facts.

Ms. MCBATH. Mr. Hedtler-Gaudette, because you have done investigations yourself, did you do any followup on Mr. Shirley's video?

Mr. HEDTLER-GAUDETTE. Personally, I took a look at what had been done to try and backstop what Mr. Shirley indicated in his video by a professional journalist at *CBS* and by professional oversight practitioners like the inspector general in Minnesota. As it turns out, they had a difficult time substantiating what Mr. Shirley was claiming to be true in his video. In fact, they found countervailing evidence, including having been provided security footage by one of those daycares of children being dropped off the very day that Mr. Shirley was supposedly there.

In my view, I would have to err on side of believing the professional journalist at *CBS* and the professional oversight practitioners at the inspector general's office.

Ms. MCBATH. Thank you. I am out of time. I yield.

Mr. BIGGS. The Chair recognizes the gentlelady from Florida, Ms. Lee.

Ms. LEE. Thank you, Mr. Chair. On that note, it is important that we return to a discussion of how these investigations were

conducted and the type of evidence that led to the discovery of this massive fraud.

One thing that is clear based on the testimony today is that this is not just a Minnesota problem. This is a warning sign for every State that is administering large scale programs using taxpayer dollars. We need to get to the bottom of how to identify this type of fraud and prevent it from continuing to occur.

Mr. DEXTER, I would like to go back to your testimony, both of which you have shared with us already about your extensive background investigating and analyzing program fraud, and the methods that you used to identify the theft of taxpayer dollars in this particular type of case.

In your written testimony, you mentioned that case selection and investigations were begun in part by looking at funding data. I am interested in how your office would use things like funding data, use statistics, and other information and evidence to begin to develop these cases.

Mr. DEXTER. Well, it wasn't hard to find the funding amounts. We looked at the centers that received CCAP funds and then we listed them out. We had what was originally referred to as the top 100 list. It was based off of the centers receiving the most CCAP funding. That was generated through the billing process and the people that administer the funds.

Ms. LEE. When you looked at that list, did it turn out that there were certain facilities that were outliers in some way, either because they were receiving a larger amounts of funding based on student population that appeared typical or because of where they were located. Tell us how you identified which facilities warranted further review?

Mr. DEXTER. Well, when we started looking at the centers that were receiving the most funds, the investigators were each assigned cases, were assigned centers, and when we first started looking into what the billing pattern was or what the billing amount was, how many children were being billed at these centers. We would have centers that were billing for 120 plus children and looking at the different days and times, establishing a pattern that just was outside the realm of a typical daycare center.

Ms. LEE. In other words, you used objective data and evidence as the foundation to proceed further with your investigations?

Mr. DEXTER. Yes, to start the investigation, that's what we would begin with.

Ms. LEE. In your experience, wouldn't you also say that this is the typical method, or a typical method, for beginning and analyzing a potential fraud case of any nature in any community?

Mr. DEXTER. Yes, because to do the investigation, you first have to find out if it warrants an investigation and to what extent that investigation would be.

Ms. LEE. Now, isn't it also correct—you mentioned in your testimony systemic weaknesses that allowed the large scale fraud even after you had developed substantial evidence that there was, in fact, fraud occurring. There were institutional and systemic barriers that prevented you from successfully moving these cases through prosecution and indeed in your testimony you note that in

2019, you chose to retire because the process had become so constrained that meaningful work was no longer possible.

Tell us about the barriers and ultimately that profound frustration that led you to retire.

Mr. DEXTER. When we were originally hired—when this unit was originally created and we were hired, the understanding was that our job was going to be to investigate fraud and stop it. As we proceeded through with that, it wasn't by our doing that it turned out that the centers we investigated were predominantly Somali.

Once that was kind of brought out to light, the roadblocks that were put in front of us, being called racist, being called before these boards to be investigated, and basically it wound up turning us into auditors. We wound up just simply reviewing attendance records and matching them up with billing. There really wasn't a lot of substantial investigation anymore, and most of our cases wound up going before administrative hearings rather than criminal.

Ms. LEE. Which in the end, allowed this pattern of conduct to continue to occur, did it not?

Mr. DEXTER. Yes.

Ms. LEE. Thank you, Mr. Chair. I yield back.

Mr. BIGGS. The gentlelady yields. The Chair recognizes now the gentleman from North Carolina, Mr. Knott.

Mr. KNOTT. Thank you, Mr. Chair. To my colleague from Florida, thank you for that line of questioning. I am going to pick up where she left off.

In regard to the testimony that we have heard today, the other side of the aisle makes us believe or wants us to believe that the fraud has been effectively stopped. That they aggressively pursued it, they prosecuted it, and it is under control. Is that your interpretation of where we are, Mr. Dexter?

Mr. DEXTER. I believe fraud is still going on. I don't think anything has changed from what I have seen with Mr. Shirley's videos. I am seeing in his videos the exact same things that we were seeing back from 2014–2019 when I worked there.

Mr. KNOTT. It is astounding to me when I was looking at some of the footage, the evidence, there was almost a sense of we are owed this money that we are stealing. How dare you investigate us? Did you ever encounter that type of attitude when you were performing these investigations?

Mr. DEXTER. There was an underlying attitude like that, that we were taking away their money and that it wasn't fair to them.

Mr. KNOTT. Your investigations, sir, was the fraud as obvious as it seems to me that it appeared in the videos and the other evidence that I reviewed?

Mr. DEXTER. Yes, as a matter of fact when we would go out to do our investigations, one of the things that we would have to do, or I would have to do, is we would scout out a location for our surveillance cameras that allowed us a direct line of sight to the centers, all their accesses.

A lot of that, because of the location where we were in these industrial commercial areas, it meant we had to go to the businesses and ask them permission. The No. 1 comment they made, was "oh, you mean that daycare center over there where there are no children?" Everyone else saw it.

Mr. KNOTT. In regard to your investigation, sir, I am assuming that you did not just investigate daycare fraud. What other types of fraud did you investigate?

Mr. DEXTER. No, our function was strictly childcare fraud.

Mr. KNOTT. OK.

Mr. DEXTER. Some of that overlapped into—even though we didn't investigate it, a lot of it was also tied into the medical transportation.

Mr. KNOTT. Did you ever investigate single entities that were appearing as though they were committing fraud in multiple avenues?

Mr. DEXTER. I'm sorry. Can you say that—

Mr. KNOTT. Was there one facility that was a daycare. It was also associated with medical transport. Were there people who were double-dipping in the fraud in your investigations?

Mr. DEXTER. Not that we saw as far as different organizations, but there was where one daycare center owner owned multiple daycare centers. What we saw was more within the daycare center.

Mr. KNOTT. Yes. Ms. Larson, thank you for being here. I echo my colleague's sentiment from Alabama. Your son is very impressive. What is his name?

Ms. LARSON. His name is Caden.

Mr. KNOTT. Caden, thank you for being here today. You look sharp. You are doing great. Let me just talk to you about these various audits that you were subjected to. How rigorous were they?

Ms. LARSON. Very. They would be there for hours. They would come in and say I want to see these files for these kids on this date at this time.

Mr. KNOTT. Was there anyway that you could have tricked them, concealed it? If you had not had any children there, would it have been possible?

Ms. LARSON. Absolutely not.

Mr. KNOTT. In regard to the services that you have rendered first, thank you.

Ms. LARSON. Thank you.

Mr. KNOTT. Then, in terms of the budgets that you require, how does it make you feel when you hear firsthand accounts that hundreds of millions of dollars had been taken out of the country in suitcases to hostile nations?

Ms. LARSON. I can't even respond the way I feel about that. I will say it is still happening. To the question you—there are only two autism centers that have actually been shut down of all these that are going on.

Mr. KNOTT. Yes.

Ms. LARSON. What they are doing is this prepayment review and putting us through this AI system at Optum to look for suspicious claims, which is why we are being—our funds are being held. It is not going to work.

Mr. KNOTT. Yes.

Ms. LARSON. I am going to tell you it is not going to work. They just need to do what Nick did. Go and see that there are no kids there. Go and check it out.

Mr. KNOTT. What Mr. Dexter did. Data driven review without any preconceptions, without any prejudices and then holding the fraudsters to account. When he did that, he was called a racist.

Ms. LARSON. Yes.

Mr. KNOTT. It is astounding. It is astounding. You said that you helped many patients, diverse patients.

Ms. LARSON. Yes.

Mr. KNOTT. How have those patients been harmed by this administration in Minnesota, the Walz Administration?

Ms. LARSON. They are all being harmed if I shut down next week.

Mr. KNOTT. Is that what you are up against?

Ms. LARSON. Well, I haven't gotten paid now. The last date of service was December 5th. I am over \$400,000 in debt. My payroll is \$250,000 every two weeks. We get paid every two weeks. On Sunday night I will know if I get any money. I haven't been paid a dime. All my claims had been held.

I am preparing to—apparently, Minnesota, too, I can't just pause services. If I pause my services, then DHS can say, I am sorry you have lost your license to serve the kids through this program. I don't know what they think we are supposed to do.

Mr. KNOTT. Unbelievable.

Ms. LARSON. Yes.

Mr. KNOTT. Well, again, thank you for being here. I appreciate all the testimony. Sorry I didn't get to everybody else. There are a lot of questions. Chair, I yield back.

Ms. LARSON. Thank you.

Mr. BIGGS. The gentleman yields. I recognize the gentleman from California, Mr. Kiley.

Mr. KILEY. Thank you, Mr. Chair. Mr. Shirley, thank you for your testimony today and the work that you have done.

Americans hear these numbers of the fraud that we have, whether it is \$10,000, \$10 million, or \$10 billion, sometimes the numbers, you almost become desensitized to it. The way that your video was able to show people the fraud in real life actually happening opened a lot of eyes, and this helped to catalyze a level of scrutiny that we really should have had before.

You mentioned in your testimony that you think what you discovered in Minnesota that this is not isolated to that State but likely exists in other parts of the country as well, correct?

Mr. SHIRLEY. Correct.

Mr. KILEY. What makes you think that?

Mr. SHIRLEY. Well, now you are seeing, since I posted that video, lots of other people have started to go to other locations, for instance in Ohio, in Maine, or in California. We are also seeing similar fraud taking place in other daycares, for instance, in a lot of other locations.

Mr. KILEY. I have a particular interest in California, being from that State. We know there has been a lot of fraud. There was \$32.6 billion that has been confirmed in unemployment insurance fraud. There are \$1.2 million fraudulent community college applications.

Have you gotten any sense or have you seen any signs there that is similar to what aroused your suspicions in Minnesota?

Mr. SHIRLEY. Yes, the fraud in California might even be worse than the fraud in Minnesota.

Mr. KILEY. What makes you say that?

Mr. SHIRLEY. Well, \$24 billion is missing for homelessness. They have been trying to build this train for years, yet there is hardly anything to prove for that, buyers.

Mr. KILEY. Yes, those are good points. You looked at—let's run through a couple of those. Because I mentioned the areas where we have confirmed fraud, but then you also have these areas where you have so much spending and then we look at the result from that spending and there is nothing.

The \$24 billion in homelessness, and yet the homeless population went up, and a State audit found that they couldn't even figure out where the money went or what the outcomes linked about spending were. Is that something that is kind of a red flag for you?

Mr. SHIRLEY. Yes, it is a major red flag, and you don't even have to be smart to know that it's a red flag.

Mr. KILEY. Well, unfortunately, our State legislators haven't managed to figure that out or at least the Governor hasn't. What are you saying about him?

Mr. SHIRLEY. They are not smart. It is so obvious. That is what we saw in Minnesota is how complicit the government has been in enabling this fraud to happen.

Quality Learning Center had over 90 violations and yet they continued to give that daycare \$1.9 million.

Mr. KILEY. Yes, that is a great point, that the political accountability just hasn't been there and that is what enables it to continue.

Then, you mentioned the high-speed rail as well. There has been about \$18 billion spent so far. No track has been laid and not a single passenger has ridden the train. When you spend \$18 billion on a train and there is no train, does that raise suspicions for you?

Mr. SHIRLEY. Yes.

Mr. KILEY. You think that might be something worth looking at?

Mr. SHIRLEY. For sure.

Mr. KILEY. We also had a \$650 million 911 service that they scrapped after six years so absolutely no value from it. Maybe that is another example where there might at least be questions.

Mr. SHIRLEY. I think you have got a lot in California.

Mr. KILEY. All right. Well, we will look forward to seeing what you find. We are certainly trying to use whatever tools we have here to bring more accountability to California as well.

Mr. Dexter, I wanted to also ask you a couple of questions about your work. Because you have extensive experience on the law enforcement side trying to detect fraud. That is actually how in California we discovered the EDD fraud and the unemployment fraud, it wasn't the State suddenly figuring it out. It was district attorneys who came together and investigated and, in fact, pointed to the fact that the State had let this happen and failed to heed their warnings and hadn't taken basic fraud detection steps.

Is this something that you encounter? What kind of internal controls make it so fraud is more difficult and what type of lack of internal controls makes it so that fraud is easier?

Mr. KILEY. I would say the biggest thing was the fact that when we tried to investigate this, once we started bringing cases forward and it showed that the number of centers that we investigated were Somali, the biggest roadblock was the fact that they didn't want to follow through on these cases. They shut down investigations. They made us, in light of the report from this outside management firm, we spent nearly a year pulled away from our investigations because one of the things they determined was that when our unit started, we didn't have a proper case management system for recording and keeping track of the tips.

As investigators, we instead had to spend nearly a year entering past complaints made to DHS into a newly created database. We couldn't do our investigations because of that. They kept us from doing our work basically.

Mr. DEXTER. Yes, the States that make fraud detection a priority have less fraud than those that actively contravene efforts like yours.

Thank you, Mr. Chair. I yield back.

Mr. BIGGS. Thank you. The gentleman's time has expired. I recognize the Ranking Member Ms. McBath for some UCs.

Ms. MCBATH. Thank you, Mr. Chair. I would like to ask unanimous consent to enter into the record an article, "Republicans Claims of Fraud Are a Pretext for Unpopular and Drastic Medicaid Cuts."

Mr. BIGGS. Without objection.

Ms. MCBATH. Thank you.

Mr. RASKIN. Mr. Chair. Oh, I am going to have some UC.

Mr. BIGGS. Yup, please go ahead.

Mr. RASKIN. Actually, forgive me. I have a handful of them here, Mr. Chair.

First, a letter dated October 21, 2025, from Representative Bennie Thompson to Robert F. Kennedy, Jr., regarding the decision to rescind the \$101 million penalty imposed on Mississippi.

A press release dated September 17, 2025, titled, "Governor Walz Issued Executive Order Directing State Agencies to Take Additional Steps to Combat Fraud."

An Executive Order 2501 titled, "Preventing Fraud and Establishing the Financial Crimes and Fraud Section of the Department of Public Safety," signed by Governor Tim Walz on January 3, 2025.

An article dated December 2, 2025, titled, "Trump Calls Somali Immigrants Garbage as U.S. Reportedly Targets Minnesota Community."

An article dated January 9, 2026, titled, "Five States Sue Administration for Withholding Billions in Social Safety Net Funds."

An article dated January 10, 2026, titled, "Behind the Somali Daycare Panic is a Mother-and-Son Duo Angling to Become Top MAGA Influencers."

An article dated December 31, 2025, titled, "Right-Wing YouTuber behind Viral Minnesota Fraud Video has Long Anti-Immigrant History."

An article dated January 11, 2026, titled, "Fact Check, What is Really Happening with Child Care Fraud in Minnesota."

Finally, an article dated January 13, 2026, titled, "The Trump Administration Says It's Cracking Down OnFraud. It Gave A Red State A Pass."

Thank you, Mr. Chair.

Mr. BIGGS. Without objection. The Chair recognizes Ms. McBath again for another UC.

Ms. MCBATH. Thank you, Mr. Chair. I ask unanimous consent to enter into the record an article titled, "Trump's Child Care Fund Freezing in Five States Could Cost Families \$400 million," by Julie Kashen of *The Century Foundation*.

Mr. BIGGS. Without objection. I recognize myself for a series of UCs.

From *Fox News*, "Biden Clemency for Convicted Fraudsters Met with Outrage, Slap in Face."

From *CNN*, "Victim Shocked After Biden Grants Clemency to Kids for Cash Judge and \$54 Million Embezzler."

From *Axios*, "Biden Sets Presidential Record on Pardons and Clemency."

Also, "Minnesota Daycare Expose Journalist Strikes Again and in Part 2 Names the Hub of the Fraud Wheel."

An article, "Seventy-eighth Defendants Charged in Feeding our Future Fraud Scheme," from the *U.S. Attorney's Office, District of Minnesota*.

An article, "Suitcases Filled with Millions in Cash Flew Out of Minnesota Airport, Ex-TSA Agent Connects Dots Years Later," from *MSN*.

From *U.S. Department of Health and Human Services*, "HHS Freezes Childcare and Family Assistance Grants in Five States for Fraud Concerns."

From the *U.S. Attorney's Office, District of Minnesota*, "Six Additional Defendants Charged, One Defendant Pleads Guilty in Ongoing Fraud Schemes."

This is from the local *Fox News* in Minneapolis, "Through the Years, a Decade of Investigating Fraud in Minnesota."

From the *U.S. Department of Homeland Security* release, "ICE Continues Arresting Worst of the Worst in Sanctuary Minneapolis, Including Pedophiles, Gang Members and Drug Traffickers."

From *MSN*, "TSA Flags Suspicious Cash Outflow at Minneapolis-St. Paul Airport."

From *MSN*, "Foreign ATM, Somalia Cash Exodus from Minneapolis Exponentially Larger than Other Major U.S. Airports."

From *Breitbart*, "SBA Cutting Off Grants to Minnesota Over Reports of Somali Fraud."

An article, "Vance praises YouTuber Nick Shirley reporting on Minnesota fraud."

An article, "Walz and Omar using ICE Operations to Distract from Fraud Scandal."

From *Just the News*, in "Somali Fraud Scandal Republicans Probe Evidence of a Blue State Election Scheme."

From the *New York Post*, "Ringleader of \$250 million Minnesota Welfare Fraud Scandal Ordered by Judge to Forfeit Porsche and Luxury Goods."

From *LifeZette.com*, "TSA Whistleblower, Somalis Regularly Flew Out with Suitcases Stuffed with Millions in Cash."

From *Fox News*, “Minnesota Welfare Fraud Targets Somali Hawala Money Transfers.”

From the *Star News Network*, “Feds Probe Hundreds of Millions in Suspected Somali Cash and Luggage Leaving Minneapolis Airport.”

From *USCIS*, “USCIS Announces Results of Operation Twin Shield, a Large Scale Immigration Fraud Investigation.”

From *PBS*, “Noem Says Homeland Security is Investigating Fraud in Minneapolis.”

From *Cornell Law*, this is the 18 U.S.C. Section 666, “Theft or Bribery Concerning Programs Receiving Federal Funds.”

Also, same source, 18 U.S.C. Section 641, “Public Money, Property or Records.”

Also from same source, 18 U.S.C. 1001, “Statements or Entries Generally.”

Without objection. I now recognize myself for my five minutes of questioning.

I have read all your statements. I do thank you, Mr. Hedtler-Gaudette, for your recommendations. Mr. Dexter also had some recommendations. I think those are prescient. I think those are important.

I also have to bring some additional information about this just because it is in my nature. I got to do it.

Mr. Hedtler-Gaudette, you have been talking about the IGs because you were asked about the IGs. Do you know how many cases, for instance, criminal cases, are being investigated, say, by the Department of Homeland Security IG right now?

Mr. HEDTLER-GAUDETTE. I don’t know the number off the top of my head, no.

Mr. BIGGS. Would it surprise you there were 650 ongoing cases with 200 of those being COVID related?

Mr. HEDTLER-GAUDETTE. That would not surprise me, no.

Mr. BIGGS. Do you know how many audits they have going right now?

Mr. HEDTLER-GAUDETTE. No.

Mr. BIGGS. They have 60 audits going on right now with another 20 investigations going.

That sounds to me like the IG there, at least, and DHS is not being chilled because of the appointment of temporary IGs. Am I wrong on that or am I misconstruing that?

Mr. HEDTLER-GAUDETTE. One thing about the DHS IG, Mr. Joseph Cuffari, is he was actually appointed under the first Trump Administration. He has remained ever since. We actually at the Project on Government Oversight have long recommended that Mr. Cuffari be fired because he has had a long and demonstrated track record of slow walking investigations at DHS, particularly when it comes to abuse of force and other issues with DHS agents.

Mr. BIGGS. The Oversight Committee for the IGs didn’t adhere to that recommendation. Anyway, I felt that point needed to be made.

Additionally, Mr. Dexter, you looked at some of the same kind of physical evidence that Mr. Shirley looked at with regard to physical presence at the various daycare facilities that you were examining between 2014–2019, is that true?

Mr. DEXTER. Yes.

Mr. BIGGS. You saw basically the same kind of physical evidence that Mr. Shirley exposed?

Mr. DEXTER. That is correct.

Mr. BIGGS. You also looked at funding data, and you also had whistleblowers.

Mr. DEXTER. Yes.

Mr. BIGGS. I find it interesting that somehow local news, which reported the fraud, other local news reporters reported on the fraud, credibly agree with the findings of Mr. Shirley. Is that what you have seen as well, Mr. Dexter?

Mr. DEXTER. Yes, *Fox 9 News* in Minneapolis, they followed a lot of our cases and did stories on them.

Mr. BIGGS. The very notion of trying to discredit Mr. Shirley because he had a lot of views or that some *CBS* reporter disagreed with and said they couldn't find the evidence actually in my mind discredits the *CBS* reporter. Because I appreciate the Ranking Member cited the Arizona fraud, which I also constantly cite. It is a massive fraud in Arizona. Not just the \$2.5 billion, but there is an essential—another additional allegation of about \$7 billion per year fraud in Arizona.

There needs to be a change there. We need to get a handle on this not just in Minnesota, but nationwide because, as we have seen in Ms. Larson's case, those who are conducting themselves according to the law, delivering services, are the ones that also get punished. If you are a fraudster, somehow you are able to keep on going.

The fraud hasn't stopped. Mr. Shirley have you seen any evidence—you said twice today that \$185 million of recipients, not one of them has been able to demonstrate that they are a legitimate business.

Mr. SHIRLEY. No. In fact, they are actually actively suing the HHS to prevent handing over any information.

Mr. BIGGS. They don't even want to give the information that would be required of an audit, that would be required from a separate, independent investigation. They want a court to intervene and enjoin and prevent them from having to respond to this kind of investigation. Is that correct, Mr. Shirley?

Mr. SHIRLEY. That is correct.

Mr. BIGGS. This is the thing. I listened to the panelists. Everybody on the panel—I think everybody up here—we all want to stop the fraud. The bottom line is it is so infused with politicization that it is preventing us from just sitting down there and saying, OK, we have got a symptom in Minnesota, and we are going to fix it. The symptom being exposed is critical because then it actually motivates people to try to get to the root cause.

I am out of time, and we have no other Members here. I just want to thank each one of you, Mr. Dexter, Mr. Hedtler-Gaudette, Mr. Shirley, and Ms. Larson for being here and giving us your testimony. I really appreciate it.

I would encourage my colleagues to be better stewards and have better oversight because otherwise Mr. Shirley's generation is going to be paying through the wazoo, which right now means \$40 trillion in national debt.

Thank you all. I appreciate it. We are adjourned.
[Whereupon, at 11:56 a.m., the Subcommittee was adjourned.]

All materials submitted for the record by Members of the Subcommittee on Crime and Federal Government Surveillance can be found at: *<https://docs.house.gov/Committee/Calendar/ByEvent.aspx?EventID=118871>*.

