

MASTER MINNESOTA INVESTIGATION 2026-01-06

MASTER INVESTIGATION REPORT: MINNESOTA CHILD WELFARE & FRAUD SCANDAL

Project Milk Carton - Comprehensive Intelligence Analysis

Classification: OPEN SOURCE INTELLIGENCE REPORT Date: January 6, 2026 Analyst: OPUS - Claude Opus 4.5

Case ID: PMC-MN-MASTER-2026-001

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EXECUTIVE SUMMARY

Minnesota is at the center of what federal prosecutors have called “**industrial-scale fraud**” - potentially the largest misappropriation of federal funds in American history. This investigation reveals a complex web of:

- **\$250+ million** stolen through Feeding Our Future (78 defendants, 57+ convicted)
- **\$9+ billion** in estimated fraud across 14 Medicaid programs since 2018
- **\$53,000+** in political donations from fraud defendants to Minnesota Democrats
- **Systemic oversight failures** at multiple state agencies
- **Cross-pollination** between nonprofit boards receiving taxpayer funds
- **Governor Tim Walz’s** decision to abandon reelection amid the scandal

BOTTOM LINE: The fraud was enabled by: 1. Biden-era rules allowing payment before verification 2. Chronic understaffing of fraud investigators 3. Disconnected databases between licensing and payment systems 4. Board members serving multiple related organizations 5. Whistleblower complaints being ignored or forwarded to accused parties

KEY FINDINGS DASHBOARD

FINANCIAL IMPACT

Category	Amount	Status
Feeding Our Future Fraud	\$250+ million	Prosecuted
Total Estimated MN Fraud	\$9+ billion	Under investigation
Federal Funds Frozen (5 states)	\$10 billion	Active
MN CCDF Annual Allocation	\$185 million	Frozen
Assets Recovered (FOF)	\$60-75 million	24-30% recovery
Assets Laundered Overseas	\$40+ million	Unrecoverable

CRIMINAL STATISTICS

Metric	Count
FOF Defendants Indicted	78
FOF Defendants Convicted	57+
Total MN Fraud Defendants	92+
Total MN Fraud Convictions	62+
Longest Prison Sentence	28 years (Abdiaziz Farah)
Jury Tampering Convictions	5

POLITICAL FALLOUT

Official	Status
Governor Tim Walz	Ended reelection bid Jan 5, 2026
Mayor Jacob Frey	Aide pled guilty (Abdi Salah)
AG Keith Ellison	Received \$12,500+ from FOF defendants
Sen. Omar Fateh	Received/returned \$11,000+ from defendants
Rep. Ilhan Omar	Received/donated \$7,400 from defendants
Council Member Jamal Osman	Wife's business received \$460K+; NOT charged

TIM WALZ NETWORK ANALYSIS

Profile

Full Name: Timothy James Walz **Born:** April 6, 1964 (West Point, Nebraska) **Current Position:** 41st Governor of Minnesota (2019-present) **Prior Position:** U.S. Representative, MN-1 (2007-2019)

Direct Campaign Donations from Fraud-Connected Individuals

Donor	Amount	Year	Connection
Siyad Abdullahi	\$4,000	2017-2018	Midwest Career Institute, Pro-Health Home Care
Khadar Jama	\$1,000	2021	Open Hearts Home Health Care
Additional donors	~\$5,000	Various	Somali-operated care centers
TOTAL IDENTIFIED	~\$10,000		

Source: [Washington Examiner Investigation](#)

Gwen Walz (First Lady)

Finding: NO direct financial connections to fraud schemes identified.

- No compensation from child care nonprofits
- No board positions on organizations involved in investigations
- Current position: Special Assistant to the President, Augsburg University
- Board Member: 2026 Special Olympics USA Games

Administration Oversight Failures (Per Legislative Auditor)

1. MDE received 30+ complaints about FOF (2018-2021) - inadequate response
2. MDE “asked Feeding Our Future to investigate complaints about itself”
3. State found FOF “seriously deficient” twice but deferred action
4. No MDE General Counsel until January 2022
5. Only 4 fraud investigators for \$300M+ program

Whistleblower Allegations

Source: MN DHS Employees Account (480+ claimed staff)

Key allegations: - “Tim Walz is 100% responsible for massive fraud in Minnesota” - “We let Tim Walz know of fraud early on... we got the opposite response” - “Tim Walz systematically retaliated against whistleblowers” - “Tim Walz disempowered the Office of the Legislative Auditor”

Official Response: DHS cannot confirm account is run by employees.

FEEDING OUR FUTURE FRAUD

Scheme Overview

Metric	Value
Total Stolen	\$250+ million
Program Exploited	Federal Child Nutrition Program (USDA)
Time Period	2020-2022
“Meal Sites” Created	299
Meals Claimed	90 million
Actual Food Spending	~3% of funds

How It Worked

- Fake Sites:** Created 299 “meal sites” claiming to serve children
- False Claims:** Submitted fabricated meal count sheets and invoices
- Kickbacks:** Site operators paid FOF 10-25% administrative fees
- Shell Companies:** Dozens created to launder proceeds
- Overseas Transfers:** \$40+ million sent to Kenya, Turkey, China

Key Detail: FBI surveillance showed sites claiming 6,000 meals/day averaged ~40 visitors. One site in Pelican Rapids (pop. 2,500) claimed to feed 2,560 children daily.

Mastermind: Aimee Bock

- Role:** Founder/Executive Director, Feeding Our Future
- Race:** White (important context: 82/92 defendants were Somali-American)
- Conviction:** 7 federal charges (March 2025)
- Tactics:** Used racism allegations to deflect MDE oversight
- Personal Take:** \$1.9 million including \$900K to boyfriend
- Forfeiture:** \$5.2 million ordered

Complete Defendant List by Category

Trial Convictions (7)

Name	Sentence	Amount Involved
Aimee Bock	Pending	\$1.9M personal
Salim Said	Pending	\$5.5M personal
Abdiaziz Farah	28 years	\$28M scheme, \$8M personal
Mohamed Jama Ismail	12 years	\$2.2M personal
Abdimaiid Nur	10 years	\$900K personal

Accused	Years	Amount personal
Hayat Nur	Pending	\$30K personal
Mukhtar Shariff	17.5 years	\$1.3M+ personal

Major Guilty Pleas (Selected)

Name	Role	Amount
Abdi Nur Salah	Mayor's aide	\$1M+
Abdulkadir Nur Salah	Safari co-owner	\$5.5M
Haji Salad	Haji's Kitchen	\$11.4M
Abdulkadir Awale	Three restaurants	\$11M+
Anab Awad	Multiple services	\$9.3M

Shell Companies Identified

- Empire Cuisine & Market LLC (\$28M+)
- Safari Restaurant & Event Center (\$45M scheme)
- S&S Catering
- Stigma-Free International (founded by City Council Member Jamal Osman)
- Nur Consulting LLC

Where the Money Went

Real Estate (Domestic)

- Plymouth mansion: \$250,000
- Minneapolis office building: \$2.7 million
- Lakeville home: \$394,000

Real Estate (International)

- Karibu Palms Resort, Kenya: \$216,000
- Nairobi apartments: Multiple
- Alanya, Turkey coastal property
- **Total Kenya investments:** ~\$40 million

Luxury Items

- Porsche: \$93,250
- GMC truck: \$61,722
- Mercedes-Benz GLA, Chevy Silverado, boat/trailer
- Burberry, Louis Vuitton, Canada Goose purchases
- Private villa honeymoon in Maldives
- Minnesota Timberwolves suite

Wire Transfers

- Shaoxing Aifan Textile Co. (China): \$1.1M+
- Various foreign companies: Millions

Jury Tampering Case

During the first trial (April-June 2024), conspirators offered Juror 52 \$120,000 cash.

Convicted: 1. Ladan Ali (recruiter/deliverer) 2. Abdimajid Nur (orchestrator) 3. Abdulkarim Farah 4. Abdiaziz Farah 5. Said Farah

CHILD CARE NONPROFIT ANALYSIS

Organizations Analyzed

1. Parents In Community Action (PICA)

EIN: 41-0956226 | **Revenue:** \$51.4 million | **Net Income:** \$12 million (23.4%)

RED FLAGS: - Unusual 23.4% net margin for human services nonprofit - Director of Strategic Management (Alyce Dillon): \$315,391 - Executive Director (Jay Alexander): \$266,939 - **2015 Star Tribune:** Dillon's salary exceeded federal cap by \$69,000

Board Notable: Sharon Sayles Belton (former Minneapolis Mayor)

2. Minnesota Head Start Association

EIN: 36-3579547 | **Revenue:** \$437,524 | **Expenses:** \$457,555

RED FLAG: Executive compensation increased 259% from 2021-2024

Key Executive: Kraig Gratke (also paid by MN CAP - see dual comp issue)

3. Minnesota Community Action Partnership (MinnCAP)

EIN: 41-1407742 | **Revenue:** \$1.2 million

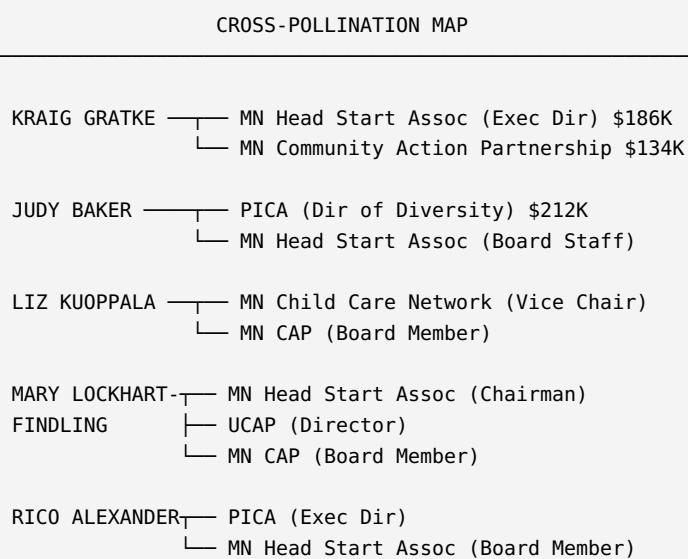
DUAL COMPENSATION ISSUE: - Kraig Gratke paid by BOTH orgs - MN Head Start: \$186,635 - MinnCAP: \$134,007 - **COMBINED:** \$320,642

4. MN Child Care Resource & Referral Network

EIN: 41-1730422 | **Revenue:** \$9.5 million

Concerns: - Liabilities-to-assets: 75.55% (solvency concern) - Form 990 not posted on website (transparency issue) - Charity Navigator: 3 stars (81/100)

Board Cross-Pollination Network



POLITICAL MONEY TRAIL

Campaign Donations from FOF Defendants

Recipient	Total	Donors	Status
AG Keith Ellison	\$12,500+	5+	Not returned
Sen. Omar Fateh	\$11,000	11	Returned
Mayor Jacob Frey	\$9,000	9	Returned
Rep. Ilhan Omar	\$7,400	3	Donated to food shelves
Other MN Democrats	\$13,100+	Various	Mixed
TOTAL	\$53,000+		

The Ellison Recording

Date: December 11, 2021 **Context:** FBI had been investigating FOF for 8 months

Keith Ellison met with two future FOF defendants. 9 days later, four \$2,500 donations (max contributions) arrived from FOF-connected individuals.

His quote: “I’m not here because I think it’s going to help my re-election.”

Contradiction: In September 2022, Ellison’s office claimed to have been “deeply involved for two years” in holding FOF accountable. The recording shows he learned of the scheme from defendants themselves.

Mayor Frey - Aide Guilty Plea

Abdi Nur Salah: - Senior Policy Aide to Mayor Jacob Frey - Pled guilty to wire fraud - Pocketed \$1M+ from scheme - "Used his political influence to lobby politicians to pressure MDE" - Founded Stigma-Free International (fraud vehicle)

Mayor's Response: "Unaware" of activities; fired Salah February 2022

Council Member Jamal Osman Connection

NOT CHARGED but documented connections:

- Founded Stigma-Free International (August 2019)
- Resigned from nonprofit 2 months after election (August 2020)
- Days later, FOF set up Stigma-Free food sites
- \$1.6M deposited; sites used to bilk \$10M+
- Called MDE's oversight "racist tactics"
- Wife's company (Urban Advantage Services) received \$460K+
- Wife's company shut down by AG as "fraudulent shell company"

RELATED FRAUD SCHEMES

Housing Stabilization Services (HSS)

Period	Budgeted	Actual
2022	~\$3M/yr	\$42M
2023	~\$3M/yr	\$74M
2024	~\$3M/yr	\$104M
2025 (6 mo)	~\$1.5M	\$61M
TOTAL	\$12M	\$302M

Program terminated October 31, 2025

Defendants include two Philadelphia residents who heard the program was "easy money," traveled to Minnesota, submitted claims remotely, and obtained \$3.5 million.

Autism Treatment (EIDBI) Fraud

- Providers grew from 41 (2018) to 300+ (2023) - **700% increase**
- \$1.6 billion billed 2018-2025
- Methods: Fake diagnoses, unqualified staff, billing max hours regardless of services
- Cash kickbacks to parents to enroll children

RED FLAGS & RECOMMENDATIONS

CRITICAL RED FLAGS

#	Flag	Evidence	Risk
1	Payment Before Verification	Biden-era rule	CRITICAL
2	11% Error Rate (OIG Audit)	38/200 sampled payments failed	CRITICAL
3	Only 4 Fraud Investigators	For \$300M+ program	CRITICAL
4	95 Violations = \$7.8M Payments	Quality Learning Center	CRITICAL
5	No Real-Time Attendance Tracking	OIG recommendation unimplemented	CRITICAL
6	Dual Compensation	Kraig Gratke: \$320K across 2 orgs	HIGH
7	Exec Director = Board Secretary	Debi Brandt: UCAP + MN CAP	HIGH
8	PICA 23% Net Margin	Unusual for human services	HIGH
9	Federal Cap Violations	Historical pattern at PICA	HIGH
10	Solvency Concerns	MN Child Care Network 75% liabilities	MODERATE

IMMEDIATE RECOMMENDATIONS

1. **Real-Time Attendance Verification** - Photo/video documentation
2. **Expand Fraud Investigation Team** - 4 → 20+ investigators
3. **Suspend Payments** - Providers with 10+ unresolved violations
4. **Cross-Reference Databases Daily** - Licensing + Payment
5. **Mandatory Board Conflict Disclosure** - All funded nonprofits

STRUCTURAL REFORMS

1. **Prohibit Dual Compensation** - From state-funded entities
2. **Board Term Limits** - 6 years max across funded nonprofits
3. **Public Dashboard** - Provider violations + payments
4. **Whistleblower Rewards** - % of recovery
5. **Independent Audits** - Providers >\$500K annually

CURRENT STATUS (January 6, 2026)

Federal Actions

Date	Action	Agency
Dec 30, 2025	CCDF payments frozen to MN	HHS
Dec 30, 2025	FBI “surged” resources	FBI
Jan 2, 2026	DHS visits 40+ sites	DHS
Jan 5, 2026	Funding frozen to 5 states	HHS
Jan 7, 2026	Congressional hearing	Oversight Committee
Feb 10, 2026	Walz/Ellison testimony	Oversight Committee

Political Fallout

- **Governor Walz:** Ended reelection bid (Jan 5, 2026)
- **Federal characterization:** “Industrial-scale fraud”
- **FBI Director Patel:** “This is just the tip of a very large iceberg”
- **Treasury:** Investigating al-Shabaab funding link (no evidence confirmed)

SOURCES & APPENDICES

Reports Generated

1. /home/andrew-fayal/ARIA/reports/opus_investigations/minnesota_child_care_investigation_2026-01-06.md
2. /home/andrew-fayal/ARIA/reports/opus_investigations/walz_political_money_trail_2026-01-06.md
3. /home/andrew-fayal/ARIA/reports/opus_investigations/minnesota_child_care_nonprofit_990_analysis.md
4. /home/andrew-fayal/ARIA/reports/opus_investigations/minnesota_fraud_court_records_report.md

Primary Sources

Government

- [DOJ - US Attorney District of Minnesota](#)
- [FBI](#)
- [IRS Criminal Investigation](#)
- [HHS OIG](#)
- [MN Legislative Auditor](#)
- [House Oversight Committee](#)

Financial

- [ProPublica Nonprofit Explorer](#)
- [OpenSecrets](#)
- [FollowTheMoney](#)

- [Charity Navigator](#)

News Media

- Star Tribune
 - Minnesota Reformer
 - MPR News
 - CBS Minnesota
 - Sahan Journal
 - KARE 11
 - Fox 9
 - CNN
 - CBS News
-

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"The welfare of children is not a partisan issue. It is a human issue." - Project Milk Carton