

PBRF-LE NATIONAL PATTERN ANALYSIS

Public Benefit Reimbursement Fraud via Layered Entities

Multi-State Child Care Fraud Pattern Recognition Report

Classification: SENSITIVE INVESTIGATIVE MATERIAL **Prepared by:**
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EXECUTIVE SUMMARY

This report applies the PBRF-LE (Public Benefit Reimbursement Fraud via Layered Entities) analytical framework to identify child care and social services fraud patterns across multiple U.S. states. The Minnesota “Feeding Our Future” scandal serves as the baseline pattern, with confirmed fraud exceeding **\$250 million** in federal child nutrition funds and estimated **\$9+ billion** in combined Medicaid and social services fraud.

KEY FINDINGS

Finding	Significance
78+ indictments in Minnesota	Largest pandemic relief fraud in U.S. history
5 states with funding frozen	CA, CO, IL, MN, NY - \$10B total
245+ fraud tips since Dec 30, 2025	National fraud hotline activity Per HHS OIG May 2025 audit

Finding	Significance
11% error rate in MN child care	
62 convictions to date	Minnesota fraud schemes
\$9B+ estimated fraud	Minnesota social services total

PBRF-LE PATTERN PIPELINE ANALYSIS

STAGE A: ACCESS - Program Provider/Sponsor Enrollment

MINNESOTA (BASELINE - EXTREME RISK: 95/100)

Pattern Indicators Confirmed: - Feeding Our Future: Revenue spike from **\$3.4M (2019)** to **\$197M (2021)** = 5,794% increase - 250+ Federal Child Nutrition Program sites opened rapidly - IRS tax-exempt status **REVOKE** February 2020 - fraud continued anyway - Empire Cuisine & Market enrolled April 2020 during pandemic onset - Sites were “parking lots” and “vacant commercial spaces”

Red Flags: - [x] Became provider recently, then revenue spike - [x] 80-100% revenue from single program - [x] Unusual number of sites added quickly - [x] Rapid geographic expansion

ILLINOIS (HIGH RISK: 65/100)

Documented Cases: - **Aleesha McDowell** (2024): Child care centers in Calumet City, Calumet Park, Chicago - Sentence: 4 years federal prison - Restitution: \$3,339,563 - Scheme: False subsidy claims for low-income childcare

- **Shauntele Y. Pridgeon** (2023): Former DCFS social worker
 - 14 co-defendants indicted
 - \$3.2 million scheme (2016-2022)
 - Insider access exploitation

Pattern Indicators: - [x] State employee facilitating access - [x] Multi-year scheme duration - [x] Multiple defendants/co-conspirators

OHIO (MODERATE-HIGH RISK: 55/100)

Current Status: - 124 fraud tips received before Dec 31, 2025 - 61 providers required to pay back overpayments - 12 daycare centers closed - \$2 million in overpayments identified - 38 additional centers closed in 2025

Pattern Indicators: - [x] High tip volume indicates widespread concern - [] No major indictments yet - [x] Systemic overpayment patterns

WASHINGTON STATE (MODERATE RISK: 50/100)

Documented Issues: - \$770 million child care subsidy program under audit - 1,372 overpayments totaling \$2,092,513 (FY 2024-25) - 265 overpayments from missing attendance records - “Ghost daycare” allegations under investigation

Suspicious High-Value Recipients: - Asal Family Daycare (Seattle): \$690,000+ in 5 months (Jul-Nov 2025) - Wonder Kidz (Federal Way): \$258,199 in 5 months - Eyow Childcare Inc.: \$158,931 in 5 months

Pattern Indicators: - [x] Concentrated high payments to specific providers - [x] Attendance record gaps - [] No criminal indictments yet

TEXAS (LOW RISK: 25/100)

Current Status: - Governor Abbott ordered proactive investigation (Jan 2026) - Improper payment rate: **0.43%** (vs Minnesota 11%) - No documented fraud schemes - TWC and HHSC have fraud prevention measures in place

Pattern Indicators: - [] No revenue spikes identified - [] No access exploitation documented - [x] Investigation ongoing

CALIFORNIA (MODERATE RISK: 45/100)

Documented Cases: - \$181 million EBT skimming scheme (2022-2024) - CalWORKs childcare program has historical fraud holes - 361,834 average monthly CalWORKs families - \$10B funding freeze applied

Pattern Indicators: - [x] Historical oversight weaknesses - [x] Large program vulnerable to exploitation - [] No major CCDF-specific indictments found

NEW YORK (MODERATE RISK: 45/100)

Current Status: - Part of \$10B funding freeze - “Ghost children” billing allegations - 7.3B TANF + 2.4B CCDF frozen

Pattern Indicators: - [x] Federal freeze indicates concern - [] No specific indictments documented in search - [x] Large program size increases vulnerability

MICHIGAN (MODERATE RISK: 40/100)

Current Status: - \$430M federal + \$66M state = \$496M annual CDC subsidy - ~45,000 children monthly on subsidy - Audit requested by Senate Minority Leader Nesbitt - “Zero tolerance” policy stated but unverified

Pattern Indicators: - [x] Audit requested indicates concerns - [] No documented fraud cases found - [x] Large program vulnerable

COLORADO (MODERATE RISK: 40/100)

Current Status: - Part of \$10B funding freeze - CCAP enrollment freeze since Oct 1, 2024 - 27,000+ children rely on TANF programs - No specific fraud cases documented

Pattern Indicators: - [x] Federal freeze indicates concern - [] No documented fraud schemes

STAGE B: EXTRACTION - Billing/Claims Inflation

MINNESOTA (CONFIRMED)

Feeding Our Future: - Claimed 18 million meals at 30+ sites - Actual meals served: ~3% of claimed - Billing for non-existent children - Empty facilities receiving full reimbursement

CCAP Program: - 11% error rate per federal OIG audit - \$231.4 million in potentially flawed claims - 1,150+ providers affected

Extraction Methods: - [x] Outlier billing rates vs peers - [x] High claims relative to staffing - [x] Emergency program exploitation - [x] Ghost children/meal claims

ILLINOIS (DOCUMENTED)

McDowell Case: - False claims to Illinois Child Care Assistance Program - Centers in 3 locations with coordinated billing

Pridgeon/DCFS Scheme: - \$3.2M over 6 years - State employee falsifying eligibility

OHIO (SUSPECTED)

Indicators: - Overpayments at 61+ centers - Attendance record discrepancies - Unannounced visits finding problems

WASHINGTON (SUSPECTED)

Indicators: - 265 overpayments from missing attendance - 21% overbilled hours/days - Single providers receiving \$690K+ in 5 months

STAGE C: DIVERSION - Routing Through “Legitimate” Expenses

MINNESOTA (CONFIRMED)

Documented Diversion Methods:

Category	Example	Amount
Vendors	Sham food distributors	\$240M+
Contractors	Fake consulting firms	\$18M+ admin fees
Shell Companies	1130 Holdings Inc.	\$900K+
Property	Real estate purchases	Multiple properties
Cash	Kickbacks	“Consulting fees”

Feeding Our Future Kickbacks: - Employees received bribes disguised as “consulting fees” - Shell companies created to legitimize payments - Cash kickbacks to site operators

ILLINOIS (DOCUMENTED)

- Child care centers as fronts
- State subsidy diversion
- Multiple locations coordinated

STAGE D: OBFUSCATION - Layering Through Entities

MINNESOTA (CONFIRMED - SOPHISTICATED)

Entity Layering Techniques: - Newly formed entities: Shell companies created post-enrollment - **Same registered agents:** Common agent across fraudulent entities - **Related-party vendors:** Family/associate-owned companies - **Circular transfers:** Money bouncing between entities - **Rapid pass-through:** Quick disbursement after receipt

Documented Shell Companies: - Nur Consulting LLC (Abdimajid Mohamed Nur) - 1130 Holdings Inc. - Multiple food distribution entities

Wyoming Connection: - Registered Agents Inc. (RAI) formed 266,000+ companies 2019-2024 - 40% of all Wyoming incorporations - Known for obscuring ownership - Connected to CARES Act fraud

WASHINGTON (SUSPECTED)

- Multiple LLCs with high payments
- Investigation ongoing into entity structures

STAGE E: CONVERSION - Cash-Out & Asset Acquisition

MINNESOTA (CONFIRMED - EXTENSIVE)

Documented Conversions:

Type	Details
Real Estate	Mansions purchased with fraud proceeds
Vehicles	Mercedes, luxury cars
Cash	Large ATM withdrawals
Overseas	Wire transfers to Kenya
Restaurant buildouts	Business investments
Electronics	Consumer goods

Salim Said Case: - “Spending spree stretched far beyond cars and houses” - Real estate, electronics, cash transfers - Restaurant buildouts - “Other luxury goods through shell companies”

Abdimajid Mohamed Nur: - \$900,000+ laundered through Nur Consulting LLC - Sentencing: 10 years prison - Restitution: \$47,920,514

STATE-BY-STATE RISK MATRIX

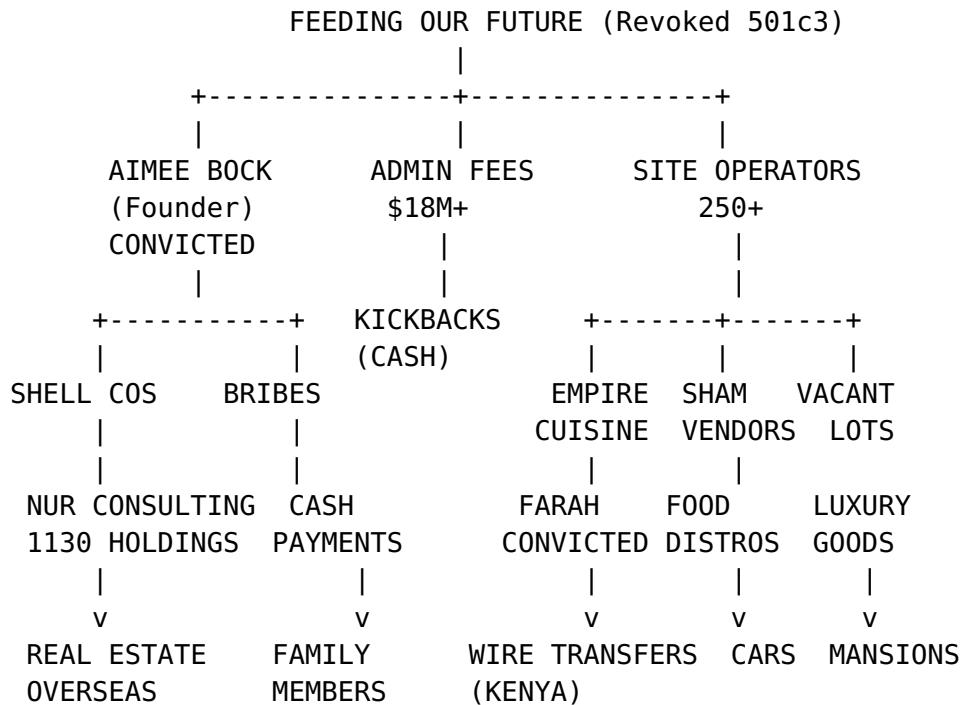
State	Risk Score	Access	Extract	Divert	Obfusc	Convert	Status
Minnesota	95/100	HIGH	HIGH	HIGH	HIGH	HIGH	CONVICTED
Illinois	65/100	HIGH	HIGH	MED	LOW	MED	INDICTED
Ohio	55/100	MED	HIGH	MED	LOW	LOW	INVESTIGATING
Washington	50/100	MED	MED	MED	LOW	LOW	AUDITING
California	45/100	MED	MED	MED	LOW	LOW	FROZEN
New York	45/100	MED	MED	LOW	LOW	LOW	FROZEN
Michigan	40/100	MED	LOW	LOW	LOW	LOW	AUDIT REQUESTED
Colorado	40/100	LOW	LOW	LOW	LOW	LOW	FROZEN
Georgia	35/100	LOW	LOW	LOW	LOW	LOW	MONITORING
Florida	30/100	LOW	LOW	LOW	LOW	LOW	MONITORING
Texas	25/100	LOW	LOW	LOW	LOW	LOW	PROACTIVE

FEDERAL RESPONSE TIMELINE

Date	Action
June 2024	First FOF trial convictions (5 defendants)
Oct 2024	First FOF sentencing (Mohamed Ismail, 12 years)
Dec 2024	78th defendant charged
Dec 18, 2025	U.S. Attorney estimates \$9B+ total MN fraud
Dec 26, 2025	Viral video allegations surface
Dec 30, 2025	HHS fraud tip line launched (245+ reports)
Dec 31, 2025	Trump admin freezes MN childcare funds
Jan 5, 2026	Biden-era payment rules rescinded
Jan 5, 2026	Gov. Walz drops reelection bid
Jan 7, 2026	\$10B freeze on 5 states (CA, CO, IL, MN, NY)
Jan 7, 2026	House Oversight hearing begins

Date	Action
Feb 10, 2026	Walz/Ellison scheduled to testify

ENTITY NETWORK MAP (MINNESOTA)



RELATED FRAUD SCHEMES (MINNESOTA)

The child care fraud connects to broader “industrial-scale” fraud:

Program	Estimated Fraud	Status
Feeding Our Future	\$250M	78+ indicted, 62 convicted
CCAP Child Care	\$100M+ (2017 estimate)	Under investigation
Medicaid Services	\$9B+ (14 programs)	50%+ fraud rate alleged
Autism Services	Charged Sept 2025	Investigation ongoing
Housing Stabilization	\$3.5M (Philly men)	“Fraud tourism”
PPP Loans	\$430M suspicious	13,600 loans flagged
SBA Funding	\$5.5M halted	Under review

RECOMMENDED INVESTIGATIVE ACTIONS

IMMEDIATE (0-30 Days)

1. IRS 990 Analysis

- Pull 990s for all major child care nonprofits in frozen states
- Flag: Revenue spikes >100% year-over-year
- Flag: Administrative fees >10% of program revenue
- Flag: Consulting fees to related parties

2. Business Registry Cross-Reference

- Cross-reference provider registrations with LLC filings
- Identify shared registered agents across multiple entities
- Map address overlaps between providers and vendors

3. Bank Record Subpoenas

- Target high-payment providers in WA, OH
- Trace fund flows from government to end recipients
- Identify cash withdrawals post-reimbursement

SHORT-TERM (30-90 Days)

1. Site Verification

- Unannounced visits to top-billing providers
- Photo documentation of capacity vs claimed enrollment
- Attendance record audits

2. Vendor Network Analysis

- Map all vendors receiving >\$100K from child care providers
- Check formation dates vs contract dates
- Web presence verification

3. Family/Officer Relationship Mapping

- Cross-reference officer names across entities
- Identify family relationships between provider operators and vendors
- Social media analysis for undisclosed relationships

LONG-TERM (90+ Days)

1. State-by-State Deep Dives

- Priority: Ohio, Washington, California
- Apply full PBRF-LE framework
- Coordinate with state OIGs

2. Federal Coordination

- Share findings with HHS OIG
- Support DOJ task force

- Brief congressional investigators

AGENCIES TO CONTACT

Agency	Jurisdiction	Contact
HHS OIG	Federal CCDF oversight	oig.hhs.gov
DOJ Fraud Section	Federal prosecution	justice.gov
FBI Minneapolis	Multi-state coordination	fbi.gov
State AGs	State-level prosecution	Varies
State OIGs	State program integrity	Varies
IRS Criminal Investigation	Tax fraud, 990 violations	irs.gov

DATA SOURCES

Primary Sources

- U.S. Department of Justice Press Releases
- HHS Office of Inspector General Reports
- Minnesota Office of Legislative Auditor
- Federal Court Filings (District of Minnesota)
- State Business Registrations
- IRS Form 990 Filings (ProPublica Nonprofit Explorer)

Secondary Sources

- Sahan Journal (Minneapolis investigative journalism)
- CBS News National Investigations
- Fox News Political Coverage
- NPR National Desk
- Local TV News (KARE11, FOX9, KSTP)
- Washington Post Pandora Papers

APPENDIX A: KEY DEFENDANTS (MINNESOTA)

Name	Role	Charges	Status
Aimee Bock	FOF Founder	Wire fraud, money laundering	CONVICTED (Mar 2025)
Abdiaziz Shafii Farah	Ringleader	20+ counts	CONVICTED (Jun 2024)
Salim Said	Co-conspirator	All counts	CONVICTED (Mar 2025)
Abdimajid Mohamed Nur	Shell company operator	Fraud, money laundering	SENTENCED 10 years
Mohamed Ismail	Site operator	Multiple counts	SENTENCED 12 years
Dorothy Jean Moore	Shell company	Wire fraud	CHARGED

APPENDIX B: PBRF-LE SCORING METHODOLOGY

Risk Score Calculation:

Indicator	Points
Revenue spike tied to reimbursement	+20
Outlier billing vs peers	+15
High payments to new/no-presence vendors	+15
Vendor overlap (address/agent/officer)	+10
Circular transfers between entities	+10
Cash withdrawals / personal transfers	+10
Asset purchases after reimbursements	+10
Prior civil actions / audits	+10

Risk Interpretation: - 0-24: Low / Normal - 25-49: Moderate Risk - 50-74: High Risk - 75-100: Extreme Risk - Formal Escalation Warranted

CONCLUSION

The Minnesota fraud pattern represents a replicable blueprint that bad actors may deploy in other states. Key vulnerabilities include:

1. **Pandemic-era rule changes** that prioritized speed over verification
2. **Enrollment-based rather than attendance-based** payment systems
3. **Weak oversight capacity** in state agencies
4. **Easy LLC formation** with minimal transparency
5. **Large program sizes** creating audit challenges

States with similar demographics, program structures, and oversight gaps should be considered HIGH PRIORITY for proactive investigation.

Report Classification: SENSITIVE INVESTIGATIVE MATERIAL

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Update: As developments warrant

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