

## “Oversight of Fraud and Misuse of Federal Funds in Minnesota”

### Statement by Brendan Ballou

My name is Brendan Ballou. I am a former federal prosecutor, and a native Minnesotan. Like all Minnesotans—like all Americans who have heard of the story—I am deeply distressed by the fraud on the state’s social service programs. Most notably, in 2022, the Department of Justice indicted 47 people for stealing an estimated \$250 million in funds meant to feed children during the COVID-19 pandemic.<sup>1</sup> As of late 2025, 78 people have indicted as part of the scheme,<sup>2</sup> and 56 have pleaded guilty.<sup>3</sup> More recently, the Department has charged over a dozen people for stealing \$14 million from a program meant for children with autism,<sup>4</sup> and millions more from program to help disabled Minnesotans maintain stable housing.<sup>5</sup>

This is heartbreaking for several reasons. At the most basic level, money meant for the neediest among us—the hungry, the disabled, and the destitute—was stolen. I fear that skepticism of Minnesota’s social safety net—one of things that makes the state great—will grow, and it will be harder to fund these programs in the future. And I fear that the actions of a few people will be used to demonize an entire population of Somali and East African Minnesotans who overwhelmingly have made the state more vibrant, more diverse, and more prosperous.

I also fear the selective interest in fraud in America. For at the same time as these crimes are rightly being investigated by state and federal authorities, the larger infrastructure for prosecuting fraud and white collar crime is being dismantled. Let me give you a few examples:

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<sup>1</sup> *Dozens Charged in \$250 Million COVID Fraud Scheme*, FBI (Sept. 21, 2022), <https://www.fbi.gov/news/stories/dozens-charged-in-250-million-covid-fraud-scheme-092122>.

<sup>2</sup> *78th Defendant Charged in Feeding Our Future Fraud Scheme*, DEP’T OF JUSTICE (Nov. 24, 2025), <https://www.justice.gov/usao-mn/pr/78th-defendant-charged-feeding-our-future-fraud-scheme>.

<sup>3</sup> *Fifty-sixth defendant pleads guilty in Feeding Our Future fraud scheme*, IRS (Sept. 18, 2025), <https://www.irs.gov/compliance/criminal-investigation/fifty-sixth-defendant-pleads-guilty-in-feeding-our-future-fraud-scheme>.

<sup>4</sup> *First Defendant Charged in Autism Fraud Scheme*, DEP’T OF JUSTICE (Sept. 24, 2025), <https://www.justice.gov/usao-mn/pr/first-defendant-charged-autism-fraud-scheme-0>.

<sup>5</sup> *Defendants Charged in First Wave of Housing Stabilization Fraud Cases*, DEP’T OF JUSTICE (Sept. 18, 2025), <https://www.justice.gov/usao-mn/pr/defendants-charged-first-wave-housing-stabilization-fraud-cases>; *Six Additional Defendants Charged, One Defendant Pleads Guilty in Ongoing Fraud Schemes*, DEP’T OF JUSTICE (Dec. 18, 2025), <https://www.justice.gov/usao-mn/pr/six-additional-defendants-charged-one-defendant-pleads-guilty-ongoing-fraud-schemes>.

- In February, 2025, the Department of Justice paused enforcement of the Foreign Corrupt Practices Act, which prohibits foreign bribery,<sup>6</sup> and criminal violations of the Foreign Agents Registration Act, which, as the name suggests, prohibits acting as a secret agent of a foreign power.<sup>7</sup>
- Between February and April of last year, the Department disbanded its Kleptocapture Task Force (which enforced sanctions against Russian oligarchs)<sup>8</sup> and the National Cryptocurrency Enforcement Team.<sup>9</sup>
- Last year the Department forced out most of the lawyers in the Public Integrity Section, which prosecutes crimes by government officials, and announced plans to dismantle the Tax Division (which prosecutes tax evasion), while the FBI shuttered the task force that investigated congressional misconduct.<sup>10</sup>

More than just dismantling the infrastructure for pursuing violations of the law, the government is, for favored defendants, enabling them:

- In 2024, the Justice Department indicted Andrew Wiederhorn, the CEO of a fast casual food chain, for allegedly stealing \$47 million from his own company. After his business donated \$100,000 to the Trump inaugural committee, his case was dropped, and the line level prosecutor on his case was fired.<sup>11</sup>

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<sup>6</sup> *President Trump Pauses DOJ FCPA Enforcement and Orders Preparation of New Enforcement Guidelines*, JONES DAY (Feb. 12, 2025), <https://www.jonesday.com/en/insights/2025/02/president-trump-pauses-doj-fcpa-enforcement>.

<sup>7</sup> *Trump's DOJ Rolls Back Enforcement of the Foreign Agents Registration Act*, KING & SPALDING (Feb. 13, 2025), <https://www.kslaw.com/news-and-insights/trumps-doj-rolls-back-enforcement-of-the-foreign-agents-registration-act>.

<sup>8</sup> Andrew Goudsward, *Trump administration disbands task force targeting Russian oligarchs*, REUTERS (Feb. 6, 2025), <https://www.reuters.com/world/us/trump-administration-disbands-task-force-targeting-russian-oligarchs-2025-02-06/>.

<sup>9</sup> Ian Hall, *US Department of Justice scraps crypto crimes team citing Trump order*, GLOBAL GOVERNMENT FINTECH (Apr. 15, 2025), <https://www.globalgovernmentfintech.com/doj-national-cryptocurrency-enforcement-team-disbanded/>.

<sup>10</sup> Ken Dilanian, *Firings, pardons and policy changes have gutted DOJ anti-corruption efforts, experts say*, NBC (June 3, 2025), <https://www.nbcnews.com/politics/justice-department/firings-pardons-policy-changes-gutted-doj-anti-corruption-efforts-expe-rcna200571>; Matthew D. Lee, *Justice Department Plans to Eliminate Tax Division by End of Summer*, FOX ROTHSCHILD (July 16, 2025), <https://taxcontroversy.foxrothschild.com/2025/07/justice-department-plans-to-eliminate-tax-division-by-end-of-summer/>.

<sup>11</sup> Ryan J. Reilly, *White House firing of a career prosecutor pulls Justice Department under ever-closer control*, NBC (Apr. 1, 2025), <https://www.nbcnews.com/politics/justice>

- In 2021, the Department sued Boeing for deceiving the government about the software that caused two plane crashes, killing 346 people. After donating \$1 million to the Trump inaugural committee, Boeing negotiated a favorable deferred prosecution agreement that the judge overseeing the case that the overseeing judge said “fails to secure the necessary accountability to ensure the safety of the flying public,” but felt compelled by precedent to accept it nevertheless.<sup>12</sup>
- The examples continue: banks that contributed to the Trump inaugural committee litigations against them for violating consumer financial protection laws dropped. So too did cryptocurrency companies that were investigated and sued by the Securities and Exchange Commission and who contributed to the inaugural committee. Crucially, those crypto companies that did not donate to the committee or other Trump-affiliated entities remain defendants.

The scale of these frauds involve millions stolen, and hundreds killed, and yet they have received a fraction of the attention of the fraud in Minnesota. This concerns me, because we are both dismantling our infrastructure for fighting fraud, and providing a roadmap for how those fraudsters who are prosecuted can buy their way out of justice. While we need to pursue the fraud we’re seeing in Minnesota’s social safety programs, because it is the weakest among us who are being harmed, we cannot be selectively interested in fraud. If we are, we put some people—the very powerful and the very rich—beyond the reach of the law.

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department/white-house-firing-career-prosecutor-pulls-justice-department-ever-clo-rcna198864; Amelia Lucas, DOJ drops charges against Fat Brands, chair Andy Wiederhorn, CNBC (July 30, 2025), <https://www.cnbc.com/2025/07/30/doj-drops-charges-against-fat-brands-andy-wiederhorn.html>.

<sup>12</sup> Order on Motion to Dismiss at 6, *United States v. Boeing Co.*, 4:21-CR-5 (N.D. Tex. Nov. 6, 2025), ECF No. 358.