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COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
U.S. HOUSE OF REPRESENTATIVES,  
WASHINGTON, D.C.

INTERVIEW OF: TONY LOUREY

Friday, February 6, 2026

Washington, D.C.

The interview in the above matter was held in room 2335, Rayburn House Office Building,  
commencing at 10:02 a.m.

1     Appearances:

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4

5     For the COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM:

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1 For TONY LOUREY:

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1 Mr. Falcone. We'll go on the record.

2 This is a transcribed interview of Mr. Tony Lourey, conducted by the House Committee on  
3 Oversight and Government Reform under the authority granted to it by House rule X. Accordingly,  
4 House rule X grants broad jurisdiction for the Committee to conduct investigations of any matter at  
5 any time.

6 The Committee may use the result of this investigation to inform legislative solutions and to  
7 improve Federal efforts to combat waste, fraud, and abuse of Federal dollars. Additionally, the  
8 Committee is assessing possible legislation aimed at bolstering or otherwise amending laws aimed at  
9 preventing fraud.

10 Can the witness please state his name and spell his name for the record?

11 Mr. Lourey. Tony Lourey, T-o-n-y -- it's Anthony, A-n-t-h-o-n-y, Lourey, L-o-u-r-e-y. I go by  
12 "Tony."

13 Mr. Falcone. Thank you. My name is Daniel Falcone, and I'm a professional staff member for  
14 Chairman James Comer.

15 Under the Committee's rules, you are allowed to have counsel present to advise you during  
16 this interview. Do you have counsel present with you today?

17 Mr. Lourey. I do.

18 Mr. Falcone. Will counsel please identify themselves for the record?

19 Mr. Silverblatt. Rob Silverblatt of K&L Gates, for Mr. Lourey.

20 Ms. Ganapathy. Tara Ganapathy of K&L Gates, for Mr. Lourey.

21 Ms. Khan. Sophia Khan of K&L Gates, for Mr. Lourey.

22 Mr. Falcone. For the record, it is our understanding that K&L Gates is representing the State  
23 of Minnesota and you in your personal capacity through joint representation. Is that accurate?

24 Mr. Lourey. That's my understanding, yes.

25 Mr. Falcone. For the record, starting with the majority staff, can the additional staff members

1 please introduce themselves with their name, title, and affiliation?

2 Ms. Wolfe. Kaity Wolfe, director of oversight for Chairman Comer.

3 Mr. Furla. Jack Furla, counsel for oversight for Chairman Comer.

4 Mr. Emmer. Jack Emmer, chief counsel for investigations for Chairman Comer.

5 Mr. Spectre. Peter Spectre, deputy director of oversight for Chairman Comer.

6 Mr. Ashworth. Daniel Ashworth, general counsel for Chairman Comer.

7 Mr. Byington. Brandan Byington, law clerk for Chairman Comer.

8 Mr. Kim. Edward Kim, professional staff member for Chairman Comer.

9 Mr. Soto. Melvin Soto, video director for Chairman Comer.

10 [REDACTED] - [REDACTED], legal intern for the minority.

11 [REDACTED] - [REDACTED], counsel with the minority.

12 [REDACTED] - [REDACTED], senior counsel, minority.

13 [REDACTED] - [REDACTED], chief counsel for minority.

14 [REDACTED] - [REDACTED], director of oversight and policy, minority.

15 Mr. Falcone. Thank you all.

16 Mr. Lourey, before we begin, I would like to go over the procedures for this transcribed  
17 interview.

18 The questioning will proceed in rounds. The majority will ask questions for an hour, and then  
19 the minority will have an opportunity to ask questions for an hour if they choose. The clock will stop  
20 if you need to confer with counsel, your counsel is speaking, and when staff are speaking during the  
21 opposing side's rounds of questions. We will alternate back and forth in this manner until there are  
22 no more questions.

23 We will take a short break at the end of each hour. If the witness would like to take a break at  
24 any other time, please just let us know. If, however, there is a pending question, I will ask the  
25 witness to finish answering the question before we stop to take a break.

1 Do you understand?

2 Mr. Lourey. That works for me. I understand.

3 Mr. Falcone. There is a court reporter taking down everything I say and everything you say to  
4 make a written record of this interview.

5 For the record to be clear, please wait until the staffer questioning you finishes each question  
6 before you begin your answer and the staffer will wait until you finish your response before  
7 proceeding to the next question.

8 Further, to ensure the reporter can properly record this interview, please speak clearly,  
9 concisely, and slowly.

10 Also, the reporter cannot record nonverbal answers, such as nodding or shaking your head, so  
11 it is important that you answer each question with an audible, verbal answer.

12 Do you understand?

13 Mr. Lourey. I understand.

14 Mr. Falcone. Exhibits may be entered into the record. Majority exhibits will be identified  
15 numerically. Minority exhibits will be identified alphabetically.

16 We want you to answer our questions in the most complete and truthful manner possible, so  
17 we will take our time. If you have any questions or do not fully understand the question, please let  
18 us know, and we will attempt to clarify, add context to, or rephrase our questions.

19 If we ask about specific conversations or events in the past and you are unable to recall the  
20 exact words or details, you should testify to the substance of those conversations or events to the  
21 best of your recollection.

22 If you recall only a part of a conversation or event, you should give us your best recollection  
23 of those events or parts of conversations that you do recall.

24 Do you understand?

25 Mr. Lourey. I understand.

1           Mr. Falcone. You are here voluntarily, and we will not swear you in. However, you are  
2 required by law to answer questions from Congress truthfully. This also applies to questions posed  
3 by congressional staff in this interview.

4           Do you understand?

5           Mr. Lourey. I understand.

6           Mr. Falcone. Witnesses who knowingly provide false statements could be subject to criminal  
7 prosecution. This includes both knowingly providing false testimony but also stating that you do not  
8 recall or remember something when, in fact, you do.

9           Do you understand?

10          Mr. Lourey. I understand.

11          Mr. Falcone. Furthermore, you cannot tell half-truths or exclude information necessary to  
12 make statements accurate. You are required to provide all information that would make your  
13 response truthful. A deliberate failure to disclose information can constitute a false statement.

14          Do you understand?

15          Mr. Lourey. I understand.

16          Mr. Falcone. Is there any reason you are unable to provide truthful testimony in today's  
17 interview?

18          Mr. Lourey. There is no reason I cannot provide truthful testimony today.

19          Mr. Falcone. Please note that if you wish to assert a privilege over any statement today, that  
20 assertion must comply with the rules of the Committee on Oversight and Government Reform.

21                 Pursuant to that, Committee Rule 16(c)(1) states, "For the Chair to consider assertions of  
22 privilege over testimony or statements, witnesses or entities must clearly state the specific privilege  
23 being asserted and the reason for the assertion on or before the scheduled date of testimony or  
24 appearance."

25          Do you understand?

1 Mr. Lourey. I understand.

2 Mr. Falcone. For the purpose of the transcribed interview, objections must be stated  
3 concisely and in a non-argumentative and non-suggestive manner.

4 If the witness refuses to answer a question to preserve a privilege, the Committee may seek a  
5 ruling from the Chair. If the Chair overrules any such objection, the witness shall be ordered to  
6 answer.

7 If the witness continues to refuse to answer a question despite being ordered to do so, the  
8 Committee will consider all available tools to compel an answer.

9 Do you understand?

10 Mr. Lourey. I understand.

11 Mr. Falcone. Do you have any other questions before we begin?

12 Mr. Lourey. I do not have any other questions.

13 Mr. Falcone. The time reads 10:09 a.m., and the majority's time will begin now.

14 EXAMINATION

15 BY MR. FURLA:

16 Q Good morning, Mr. Lourey.

17 A Good morning.

18 Q I want to thank you again for taking part in this interview voluntarily and for your work  
19 for the State of Minnesota over the years.

20 Let's start by discussing your education and experience.

21 Where did you attend undergraduate school?

22 A The University of Minnesota.

23 Q What degree did you graduate with?

24 A I got a degree in philosophy.

25 Q Do you have a master's or higher educational degree?

1 A I do. I have a law degree.

2 Q Do you have an active license to practice law in any U.S. jurisdiction?

3 A I do. I am licensed in Minnesota.

4 Q Are you from Minnesota originally?

5 A I was not born in Minnesota, but I moved there as a very young child.

6 Q Have you lived anywhere else besides Minnesota?

7 A For brief periods.

8 Q How long have you lived in Minnesota since you last moved there?

9 A Forty years.

10 Q Who is your current employer, and what is your current job title?

11 A Nemadji is my employer, and I am the CEO.

12 Q Does that company have clients of any sort?

13 A Yes, we do.

14 Q Who are those -- what kinds or organizations or entities are those clients?

15 A Our clients are hospitals.

16 Q Do you do any sort of consulting for Medicaid programs through your work with that  
17 firm?

18 A We seek out Medicaid eligibility on behalf of hospitals.

19 Q Can you briefly describe your professional career until now?

20 A I was a public policy consultant for many years. I served in the Minnesota Senate for  
21 many years. I was chair of -- I mean, I was Commissioner of the Department of Human Services for a  
22 brief period.

23 I tried to retire; it didn't work for me. I went and taught high school civics for a few years. I  
24 tried to retire again, didn't work again, and came to Nemadji, my current employer.

25 Q When did you begin your employment with the Minnesota Department of Human

1 Services?

2 A In January of 2019.

3 Q And just for the record, what was your position?

4 A I was the commissioner.

5 Q Is that a cabinet-level appointed position?

6 A That is a cabinet-level appointed position, yes.

7 Q How long did you serve as the commissioner?

8 A Six months.

9 Q So would that have been June or July?

10 A July, to the best of my recollection. It was July.

11 Q Why did you leave your position as DHS commissioner?

12 A I felt I was not the person to deliver for this administration any longer.

13 BY MS. WOLFE:

14 Q What do you mean by that?

15 A There was -- it was challenging to build a working relationship with some of Governor  
16 Walz's more close staff, staff closer to Governor Walz.

17 Q Who are those staff?

18 A Primarily his chief of staff.

19 Q And who would that have been at the time?

20 A Governor Walz's chief of staff in 2019 during my service was Chris Schmitter.

21 BY MR. FURLA:

22 Q Were there any other staff that you encountered who -- that would've -- had tension  
23 with?

24 A No.

25 Q Any other staff from DHS, specifically?

1 A Some of the staff from DHS, I came to learn, had issues with me.

2 Q Do you know who that staff from DHS was?

3 A The two assistant commissioners during my tenure had announced jointly that they  
4 were resigning.

5 Q And, for the record, who were those two assistant commissioners?

6 A The two assistant commissioners were Chuck Johnson and Claire Wilson.

7 Q We're going to come back to this just a little bit later, but we're going to keep moving  
8 for now on.

9 Mr. Lourey, can you briefly describe your duties and responsibilities as the commissioner of  
10 DHS?

11 A Well, I was in charge of the entire agency -- you know, 7,400 employees, you know,  
12 many divisions. I was in charge of this massive agency.

13 My initial work -- the legislature convened the day after I was appointed, and my initial work  
14 and most of my tenure was dedicated to negotiating a budget bill with the legislature.

15 Q Was this the annual budget bill? Could you describe that budget bill a little bit more for  
16 us?

17 A The budget bill is a biennial budget bill, so it is intended to cover 2 years. Of course,  
18 there could be amendments in the second year, but it was, you know, going into a new biennium.  
19 And the Health and Human Services bill is a huge undertaking, routinely 800 pages or more,  
20 many-faceted.

21 You know, I will -- I will add, I'm pretty proud of the bill that we passed. I'm going to have a  
22 hard time remembering absolute details, but we passed the Health and Human Services bill through  
23 the Minnesota Senate 67 to zero during my tenure. That's actually unheard of. I worked very hard  
24 with all of my former colleagues from the Senate. I don't remember the House vote. But we had a  
25 really good bill.

1 Q We'll come back to some of your interactions with some State legislators a little bit  
2 later.

3 But, just to clarify, as DHS commissioner, all of the deputy commissioners, the assistant  
4 commissioners, did everybody ultimately report to you?

5 A I was the top of the org chart for DHS during my tenure as commissioner, yes.

6 Q Thank you.

7 Who did you report to, as the DHS commissioner?

8 A I reported to the Governor's chief of staff.

9 Q But, officially, on an organizational chart, would you have reported to Governor Walz?

10 A I'm not certain. Let me re- -- I mean, I was an appointee of Governor Walz, so, yeah, I  
11 would've reported to Governor Walz.

12 Q How much interaction did you have with the Governor's office in your day-to-day as the  
13 DHS commissioner?

14 A Day to day -- most days there was not any interaction with the Governor's office, but  
15 within the course of a week there would've been several interactions with the Governor's office.

16 Q So, just to clarify, you would have multiple meetings per week with the Governor's  
17 office?

18 A Multiple communications, not necessarily meetings.

19 Q And who was involved with these communications?

20 A Most of my communications were through the chief of staff.

21 Q Were there any other of the Governor's staff who were involved with these  
22 communications?

23 A Most of my communications with the Governor's chief of staff were one-on-one.

24 Q How often did you meet with Governor Walz?

25 A Not all that often, truthfully. Maybe every couple of weeks?

1 Q Did you have regular meetings with the Governor, or were those on an as-needed basis?

2 A Those were on an as-needed basis.

3 Q Could you provide an example of a need to have a meeting with the Governor?

4 A The most common meeting with the Governor was when a cabinet meeting was called.

5 And so it was -- I believe there was 19 commissioners, and it was a joint meeting of the entire cabinet  
6 with the Governor.

7 Q Did you have meetings with the Governor outside of these cabinet meetings?

8 A Yes.

9 Q How many meetings would that have been?

10 A I can't answer that with any specificity.

11 Q What were the nature of your meetings with the Governor outside of the cabinet  
12 meetings?

13 A During budget negotiations, the Governor would come in -- you know, we would have to  
14 go see the Governor and his chief of staff and the commissioner of Minnesota Management and  
15 Budget in a group meeting to discuss where we were with negotiations on the budget bill.

16 There were also, you know, social gatherings at the Governor's residence that I attended.  
17 Most of them were pretty high-level, most of the meetings.

18 Q Do you remember having any meetings with Governor Walz or his chief of staff, both of  
19 them, about any other matter aside from the budget process?

20 Mr. Silverblatt. During his tenure in office?

21 Mr. Furla. Yes.

22 Mr. Lourey. I don't have a specific recollection of a meeting that wasn't primarily focused on  
23 getting a legislative budget package. That is -- you know, the legislative budget package is the  
24 direction that we were going to take to, you know, enact the will of the legislature. You've got to find  
25 out what that is; that's the first order of business.

1 BY MR. FURLA:

2 Q What were the nature of those meetings? Did they feel supportive, directive, or  
3 corrective in nature?

4 A Mostly quite supportive. Mostly status -- you know, where are we at? Here is the  
5 Governor's budget proposal; what has the legislature accepted? What are they having troubles with?  
6 How important is this piece of the Governor's that the legislature doesn't like? How important are  
7 the legislative proposals that weren't in the Governor's budget to the legislature?

8 I mean, it's, you know -- I'm sure you guys know, it's a lot of back-and-forth. So largely status  
9 meetings to try to understand everybody's priorities and make sure that we can have a bill that  
10 works for the legislature and the administration.

11 Q Were all of these meetings in person, or did you have any over the phone or virtually?

12 A Most of them were over the phone, actually. With the Governor, most of them were in  
13 person, but many of my meetings with the chief of staff were over the phone.

14 Q We're going to talk a lot about fraud today, but, as a general matter, would you report  
15 concerns of fraud or program irregularities to Governor Walz or his chief of staff?

16 A As a general matter, when they came to my attention, I would report concerns about  
17 fraud or irregularities in the programs we administered, yes.

18 Q When did you first report concerns of fraud or a program irregularity to Governor Walz  
19 or his chief of staff?

20 A I couldn't say with any specificity. I don't recall.

21 Q But would it have been during your tenure as the commissioner of DHS?

22 A Certainly we would have talked about fraud or irregularities, yes.

23 Q So it would have been --

24 A During my tenure.

25 Q Yes, sir. So, just to clarify, any concerns of fraud or program irregularities reported to

1 the Governor would've been between January and July of 2019?

2 A Yes.

3 Q Thank you.

4 Do you remember how many times you would've made a report to the Governor or his chief  
5 of staff regarding fraud or program irregularities?

6 A I could not say a specific number of times.

7 Q Would you say it was more than a handful or, like, numerous?

8 A It would not be more than a handful.

9 Q If you were to best put a number on it?

10 A I'm not going to -- I'm not going to try to put a number on it. This was -- this was 6 years  
11 ago.

12 BY MS. WOLFE:

13 Q Do you remember it being a frequent topic of conversation or discussion?

14 A We did need to discuss it, I wouldn't say "often," but in depth. I mean, it was -- you  
15 know, fraud was a matter of concern to everyone. We all wanted to have programs that were  
16 meeting their goals. We were committed to making sure that, to the very best of our ability, every  
17 dollar was meeting the purpose for which it was appropriated.

18 And so it wasn't that it was frequent; it was that it was in depth. We would have to work  
19 hard, collaboratively, to try to have the set of tools that we needed to make sure, again, that every  
20 dollar appropriated was spent for the purpose for which it was intended.

21 Q When you communicated these concerns to the Governor's office or to the Governor  
22 himself, were they supportive in helping you reach those goals that you just laid out?

23 A Very much so. Yes.

24 Q Can you describe how they were supportive?

25 A We wanted to make sure that DHS had the tools and the authority needed to run

1 programs with program integrity built in. I'm going to have trouble with specifics, but they were very  
2 supportive, trying to hear from different voices and listen and come up with the best set of  
3 program-integrity tools that we could conceive of.

4 BY MR. FALCONE:

5 Q When you say "different voices," were they meeting with other individuals about  
6 concerns about fraud and program integrity within DHS?

7 A "They" who?

8 Q Governor Walz and/or his chief of staff.

9 A I can't speak to who they met with or heard from. I was speaking mostly of the voices  
10 that come up through the legislative process. You know, as legislators -- I was a legislator for many  
11 years -- we routinely hear from people, and most things will be uncovered through working with the  
12 legislature, was my assessment. And so those are the -- you know, those are the voices that I relied  
13 on.

14 BY MR. FURLA:

15 Q Mr. Lourey, I know you said a little bit earlier that you spent a large amount of your time  
16 working on the budget proposal. Would you say that concerns about fraud took up a large amount  
17 of your time as the DHS commissioner, or dealing with concerns about fraud or program  
18 irregularities?

19 A It was a matter that I paid a lot of attention to. It was a matter that was central in our  
20 negotiations with the legislature as well. I mean, you know, again, this was -- this is not -- this is not a  
21 partisan issue. I mean, we were working very hard with the legislature to try to understand what the  
22 tools were.

23 And so a lot of my interactions were at the legislature, and a lot of those were geared toward  
24 fraud prevention and reduction.

25 Q And when you say "negotiations with the legislature," were there concerns from

1 individual legislators about fraud issues within DHS?

2 A Yes.

3 Q Were the concerns serious enough that these legislators were discussing not voting for  
4 the budget proposal if those concerns weren't addressed?

5 A Yes.

6 Q Did you ever receive any pushback or resistance from any staff within the Governor's  
7 office about wanting to bring up concerns about fraud or program irregularities?

8 A I did not.

9 Q Do you know of anybody, any staff within the Governor's office, who disagreed with you  
10 wanting to bring up concerns about fraud or program irregularities within DHS?

11 A I do not know of anyone in the Governor's office that pushed back or had concerns with  
12 trying to have the best package to combat fraud.

13 Q Thank you.

14 How about within DHS? Did you receive any pushback from staff within DHS about wanting  
15 to report concerns of fraud or program irregularities?

16 A I don't recall any pushback from staff within DHS about making sure that we had the  
17 tools and the authority to make sure that the dollars appropriated to us were spent in a way that  
18 they supported the program goals.

19 Q Thank you.

20 As the DHS commissioner, did you ever meet with Attorney General Keith Ellison?

21 A I did.

22 Q What were the nature of those meetings?

23 A The one meeting I recall -- and I don't recall having any other meetings -- was  
24 actually -- it was not about fraud. It was about the Minnesota Sex Offender Program.

25 Q And, just to clarify, would the Minnesota Sex Offender Program have been under your

1 jurisdiction as commissioner of DHS?

2 A Yes, it was.

3 Q And this was the only meeting you remember having with Attorney General Ellison?

4 A This was the only meeting I remember having with Attorney General Keith Ellison, yes.

5 Q Were there any staffers within the Attorney General's office that you had meetings or  
6 communications with?

7 A There was a staffer present at the meeting about the Minnesota Sex Offender Program.  
8 I don't recall any other meetings with -- no, I -- there was one or two other meetings with the  
9 Attorney General's staff, I do recall.

10 Q Were those meetings about fraud or program irregularities?

11 A I don't believe so. I -- but I couldn't say for sure.

12 Q Do you remember what those other two meetings were about?

13 A They would've been about the budget bill. I mean, the Attorney General also had pieces  
14 in various budget bills, as the chief law enforcement officer of the State. It would've been about the  
15 budget bill.

16 Q As a general matter, would you report concerns of fraud or program irregularities to the  
17 Attorney General or his office?

18 A As a general matter, I did not.

19 Q Did you ever report any concerns of fraud or program irregularities to the Attorney  
20 General or his office?

21 A Not to the best of my knowledge.

22 Q Thank you.

23 Ms. Wolfe. Before we proceed to the next line of questioning, I'd like to ask the staffer that  
24 walked in to introduce themselves for the record.

25 Mr. Fish. My name is Nathan Fish. I'm an intern with the House Oversight Committee

1 majority.

2 Ms. Wolfe. Thank you.

3 BY MR. FURLA:

4 Q Mr. Lourey, between January 1st, 2018, and the present --

5 A '19. '18?

6 Q Well -- yes, sir, 2018, because -- well, if you would let me -- did you have any  
7 interactions with Governor Walz's staff prior to starting in your position as commissioner of DHS in  
8 2019?

9 A Yes.

10 Q Then that's why we'd ask for starting in 2018.

11 Between January 1st of 2018 and the present, have you spoken with, emailed, or otherwise  
12 communicated with any of the following people regarding Minnesota DHS and the Child Care  
13 Assistance Program, Housing Stabilization Services Program, or the Early Intensive Developmental  
14 and Behavioral Intervention Program?

15 First I'll go through the list and we can do a "yes" or a "no," and then we can go through each  
16 name.

17 Mr. Silverblatt. Sorry. Just to clarify, was one of those anything about DHS, period, or are you  
18 just asking about those programs?

19 Mr. Furla. Minnesota DHS and their involvement with those programs, because --

20 Mr. Silverblatt. Okay.

21 Mr. Furla. -- Minnesota DHS administers those programs.

22 Mr. Silverblatt. Okay.

23 BY MR. FURLA:

24 Q Governor Tim Walz?

25 A Yes.

- 1 Q Lieutenant Governor Peggy Flanagan?
- 2 A Yes.
- 3 Q Attorney General Keith Ellison?
- 4 A I don't recall.
- 5 Q Mayor Jacob Frey?
- 6 A No.
- 7 Q Jodi Harpstead?
- 8 A Yes.
- 9 Q Shireen Gandhi?
- 10 A Yes.
- 11 Q Jess Geil?
- 12 A No.
- 13 Q Gary Johnson?
- 14 A No.
- 15 Q Chuck Johnson?
- 16 A Yes.
- 17 Q Claire Wilson?
- 18 A Yes.
- 19 Q Dave Greeman?
- 20 A Yes.
- 21 Q Jennifer Yang?
- 22 A No.
- 23 Q Natasha Merz?
- 24 A No.
- 25 Q Teresa Steinmetz?

- 1 A No.
- 2 Q John Connolly?
- 3 A No.
- 4 Q Nicholas Wanka?
- 5 A No.
- 6 Q Nathan Chomilo?
- 7 A No.
- 8 Q Julie Blaha?
- 9 A No.
- 10 Q Steve Grove?
- 11 A No.
- 12 Q Jason Flint?
- 13 A No.
- 14 Q Kristine Preston?
- 15 A No.
- 16 Q Chris Schmitter?
- 17 A Yes.
- 18 Q Patrick Tanis?
- 19 A No.
- 20 Q Senator Omar Fateh?
- 21 A No.
- 22 Q Jamal Osman?
- 23 A No.
- 24 Q Scott Stillman?
- 25 A No.

1 Q Jay Swanson?

2 A No.

3 Q Faye Bernstein?

4 A No.

5 Q Former HHS Secretary Alex Azar?

6 A No.

7 Q Former CMS Administrator Seema Verma?

8 A No.

9 Q Any current or former member of the Minnesota State legislature?

10 A Yes.

11 Q And, finally, any current or former member of the United States House or Senate?

12 A Yes.

13 Q Thank you, Mr. Lourey.

14 Mr. Silverblatt. And, Jack, just for clarity, those two programs were?

15 Mr. Furla. So those programs were the Child Care Assistant Program, the Housing  
16 Stabilization Services Program, and the Early Intensive Developmental and Behavioral Intervention  
17 Program.

18 Mr. Silverblatt. Okay. Thank you.

19 BY MR. FURLA:

20 Q Starting at the top of the list: Governor Walz. What were the nature of your  
21 communications with Governor Walz during this time period?

22 A I can't recall with specificity.

23 Q A few minutes ago, you mentioned having meetings with Governor Walz. Did you have  
24 any meetings during this time period regarding these programs aside from the meetings you  
25 mentioned a few minutes ago?

1 A No.

2 Q Lieutenant Governor Flanagan, what were the nature of your communications with  
3 Governor Flanagan?

4 A Most of my communications with Lieutenant Governor Flanagan were from our service  
5 together in the legislature prior to my appointment and her election.

6 Q Did you speak with the Lieutenant Governor at all while you were the DHS  
7 commissioner?

8 A I did.

9 Q What were the nature of those communications?

10 A Once again, working on the budget bill, the Governor's priorities, legislators' priorities.

11 Q Did you speak with the Lieutenant Governor regarding anything else aside from the  
12 budget bill?

13 A At social gatherings, you know, social interactions, again, you know, the receptions that  
14 they would have at the Governor's residence, the Lieutenant Governor was there.

15 Q Did you have meetings with the Lieutenant Governor?

16 A I did not.

17 Q Jodi Harpstead. What were the nature of your communications with Ms. Harpstead?

18 A This covers the time from 2018?

19 Q Yes. But if you -- but if it would be -- do you have communications from 2018 that were  
20 relevant to your role as the DHS commissioner?

21 A Well, she was the executive director of Lutheran Social Services, a large provider  
22 organization, and I was lead DFL on the Health and Human Services Committee, so we had frequent  
23 interactions there.

24 She also did come to see me in -- while I was commissioner.

25 Q What did she come to see you about?

1           A     She came to see me about legislative proposals regarding the Home and  
2     Community-Based Service Program and some changes that we were going to make that -- yeah, that  
3     we were going to make in the budget bill, that were in the Governor's budget.

4           Q     What was the nature of this meeting? Was this advocacy-related? What was -- could  
5     you describe that?

6           A     It was advocacy-related, on behalf of home and community-based service providers.

7           Q     Was this a routine advocacy meeting that you would've held, or was this something out  
8     of the ordinary?

9           A     No, it was a routine advocacy meeting to make sure that we understood the perspective  
10    of the provider community.

11          Q     Did you have any other communications with Jodi Harpstead during your tenure as DHS  
12    commissioner?

13          A     I did not.

14          Q     Did you have any other meetings with Jodi Harpstead as DHS commissioner?

15          A     I'm going to -- I'm going to back up and say, actually, I do recall one other meeting that I  
16    had shortly after being appointed.

17          Q     What was that meeting?

18          A     That meeting was a meet-and-greet. I believe it was between the announcement of my  
19    appointment and my taking the position. And she was -- Jodi Harpstead was a finalist for DHS  
20    commissioner in 20- -- you know, leading up to 2019, and I met with her to get her advice as to how  
21    she would have approached the job.

22          Q     Did you talk about fraud or program integrity with Ms. Harpstead at all?

23          A     Not to the best of my recollection.

24          Q     So, aside from those two meetings, did you have any other communication or  
25    interaction with Jodi Harpstead during your time as DHS commissioner?

1 A I did not.

2 Q Shireen Gandhi. Did you have any interaction with Shireen Gandhi during your time as  
3 DHS commissioner?

4 A I did.

5 Q What was the nature of those interactions?

6 A She was in the DHS counsel's office. And, you know, legal is a pretty important function.  
7 And so I would meet with her to understand risks and legal issues that we were facing as a  
8 department.

9 Q Would Ms. Gandhi handle compliance, either?

10 A She would have been involved.

11 Q In those meetings, did you talk about fraud or program integrity with Ms. Gandhi?

12 A I don't recall specific instances.

13 Q But do you remember that being a topic of discussion?

14 A I don't recall a specific conversation where we talked about that.

15 Q How often would you meet with Ms. Gandhi?

16 A At least -- at least weekly.

17 Q And were these updates, or were these for an as-needed basis? Could you describe the  
18 nature of those meetings?

19 A Those meetings were on an as-needed basis.

20 Q So, just to clarify, you needed a meeting with Ms. Gandhi to discuss legal and  
21 compliance issues on a weekly basis because it was needed on a weekly basis?

22 A Yes.

23 Q What were the nature of these issues that were discussed?

24 A You know, one of the big issues that we were working on was the Minnesota Sex  
25 Offender Program. And, you know, there had been a recent court decision that called our program

1 unconstitutional, and it was quite problematic. You know, we were able to resolve that.

2 There was also a matter with Hennepin County. It was not a fraud-related matter, but it was  
3 a funding-related matter where there was some disagreement and we needed to come to terms.  
4 And she was helping understand the back- -- helping me understand the background and make sure  
5 that we could come to terms mutually agreeable.

6 Q Aside from meeting with Ms. Gandhi regarding the Minnesota Sex Offender Program  
7 and that Hennepin County matter you just mentioned, do you remember any other interactions with  
8 Ms. Gandhi or the nature of those interactions?

9 A You know, she was a key staff. There was some, you know, getting to know each other.  
10 You know, I would pop in, we'd have a cup of coffee. Those were the two major topics of  
11 conversation, though.

12 Q Thank you.

13 Chuck Johnson. What were the nature of your interactions with Mr. Johnson?

14 A Chuck Johnson was one of my two deputy commissioners. And I would need to ask the  
15 timeline that you were looking for again. I mean, you know, he was deputy commissioner in 2018 as  
16 well, so I had contact with him in my role as legislator. And then he continued as deputy  
17 commissioner in my role as DHS commissioner. So, pretty wide-ranging conversations.

18 Q Yes. Could you first describe the nature of your interactions with Mr. Johnson in 2018?  
19 And then we'll discuss in 2019 after you began as DHS commissioner.

20 A In 2018, Chuck Johnson -- Deputy Commissioner Johnson would've come to the  
21 legislature advocating for then-Governor Dayton's priorities and seeking -- you know, helping the  
22 legislature understand what was happening at DHS and make sure that we could have bills that  
23 worked for the administration and the legislature, negotiating budgets and policy priorities.

24 Q Then what were your interactions with Mr. Johnson after you took over as DHS  
25 commissioner?

1           A     Chuck was one of my two deputy commissioners, and he was -- much of the agency  
2 reported up through him to me.

3           Q     Did you speak with Mr. Johnson about fraud or program integrity?

4           A     Yes.

5           Q     What were the nature of those conversations?

6           A     Primarily working on the legislative proposal and what tools and authority the  
7 Department of Human Services needed to ensure that we were doing our best job administering  
8 programs that are quite meaningful to the people of Minnesota.

9           Q     Did Mr. Johnson bring any concerns about fraud or program irregularities he was seeing  
10 within the DHS programs to your attention?

11          A     We, together, worked on some of the issues uncovered through Office of the Legislative  
12 Auditor reports.

13          Mr. Falcone. Could you specify what issues were uncovered and what programs those  
14 reports covered?

15          Mr. Lourey. The main report from the Office of the Legislative Auditor that had significant  
16 findings of the need to improve program integrity was regarding the Child Care Assistance Program.

17                   BY MR. FURLA:

18          Q     And, just to clarify, was that report released during your tenure as DHS commissioner?

19          A     That Child Care Assistance Program Office of the Legislative Auditor report was released  
20 during my tenure as commissioner, yes.

21          Q     Claire Wilson. What were your interactions with Ms. Wilson during your tenure as DHS  
22 commissioner?

23          A     Claire Wilson was the other -- you know, the second assistant commissioner over -- the  
24 rest of the agency that did not report up through Chuck reported up through Claire to me. And so I  
25 would have meetings with Claire to understand what was happening in those divisions that reported

1 up through her.

2 BY MR. FALCONE:

3 Q I'm sorry. Just to clarify, you said Chuck Johnson was a deputy commissioner?

4 A Yes.

5 Q So was Claire Wilson also a deputy commissioner?

6 A Yes. Did --

7 Q You said "assistant." I just wanted to --

8 A I'm sorry. They were both deputy commissioners, yes.

9 Q Okay. Appreciate that.

10 BY MR. FURLA:

11 Q And, just to clarify, are the deputy commissioners appointed, or is that a more career  
12 role, so to say, within DHS?

13 A I can't recall. I mean, it's a -- I think it's a politically -- I think it's a political appointed  
14 position. I know it's -- I can't recall. I don't know if they had to go through the advice and consent of  
15 the Senate or not. I -- I'm sorry. I should recall.

16 Q But you did not appoint them, as DHS commissioner?

17 A I was involved in the decision.

18 Q What were the nature of your interactions with Ms. Wilson? Did you discuss fraud or  
19 program irregularity concerns with Ms. Wilson during your tenure as commissioner?

20 A To the extent they were in the divisions that reported up through her, yes.

21 Q So, just to clarify, you said part of the agency reported to Mr. Johnson, part of the  
22 agency reported to Ms. Wilson, before both of those commissioners reported to you.

23 Do you know which divisions reported to Mr. Johnson?

24 A I can give broad outlines. I'm probably not going to be able to spell out the entire org  
25 chart. But Children, Families, and Youth reported up through Deputy Commissioner Chuck Johnson.

1 The OIG reported up through Deputy Commissioner Johnson. Behavioral Health reported up through  
2 Claire Wilson. Yeah.

3 Q You mentioned a minute ago that Ms. Wilson brought concerns about fraud with  
4 programs under her jurisdiction within DHS. Do you remember which programs those were  
5 associated with?

6 A The one that comes to mind is the MAT program, the medication-assisted therapies for  
7 people with substance use disorder, was -- needed some work.

8 Q What were those specific concerns?

9 A It wasn't clear, to me at least, that there weren't people receiving this treatment that  
10 didn't really need it and that some in the provider community might have been knowingly serving  
11 people who didn't need this treatment.

12 Q For this program specifically, would Minnesota DHS have been responsible for verifying  
13 claim submissions or various reimbursements from these providers?

14 A Yes.

15 Q Did Ms. Wilson bring fraud concerns or program irregularity concerns regarding any  
16 other program under her watch aside from the program you just described, the substance abuse  
17 treatment?

18 A I don't recall other specific instances.

19 BY MR. FALCONE:

20 Q Did Ms. Wilson bring these concerns about this medication-assisted therapies program  
21 to you? Or did you bring these concerns -- or did you bring up these concerns yourself?

22 A I honestly don't recall how I first became aware of these issues.

23 Q Was this something that was known in the department when you began your tenure as  
24 commissioner?

25 A This was -- this was an issue discussed during my service as senator as well, yeah.

1 BY MR. FURLA:

2 Q Once you became aware of these concerns with the program, did you report them to  
3 anybody else?

4 A This was an issue that was discussed as we were negotiating the budget bill. I mean, we  
5 all wanted to -- you know, substance abuse disorder is a really perplexing problem, you know, and  
6 people struggle mightily.

7 I wouldn't say that the concern around program integrity was ever verified and tied down. I  
8 mean, there were people who said, "No, it's run well," and there were people who said, "No, it's  
9 not," and, you know, I'm not a clinician. Do these people really -- you know, are they benefiting? Do  
10 they really need this?

11 So substance use disorder is one that we have never really gotten -- nobody's ever gotten  
12 right. Everyone has their own path into substance use disorder; in my mind, everyone has their own  
13 path out of it as well. Medication-assisted therapy helps some people. We were working on it.  
14 There were conversations.

15 Q Were those conversations with the Governor or anybody in his office?

16 A I don't recall specific instances.

17 Q Did you communicate any of those concerns that you described a minute ago with the  
18 program to anybody within the Governor's office or the Attorney General's office?

19 A I don't recall specific conversations.

20 Q Any emails or any other communications?

21 A I don't recall conversations, emails, meetings. I don't recall the specifics around  
22 conversations, but I know that it was a topic of interest.

23 Q Did your deputy commissioners bring concerns related to fraud or program integrity to  
24 any other programs within DHS?

25 A Yes.

1 [11:01 a.m.]

2 BY MR. FURLA:

3 Q What were those programs?

4 A The other program I recall is Nonemergency Medical Transportation.

5 Q Could you please expand upon what that program does?

6 A That program provides, exactly as the title describes, transportation for nonemergency  
7 medical needs. So not an ambulance, but a nonemergency medical transport to a needed medical  
8 appointment.

9 Q Was this program funded through Federal dollars, through Medicaid or some other  
10 grant process?

11 A This is a Medicaid program.

12 Q What were the concerns with fraud or irregularities within this Nonemergency Medical  
13 Transportation program that were brought to you?

14 A One of the concerns, the one that I recall, was that there were uses of this program that  
15 may not have been necessary. These weren't tied down and proven, but there were concerns. And  
16 there were concerns that some of the transports were further than they would have needed to be in  
17 order to meet the medical needs of the individual being served. Those are the ones that I recall.

18 Q Do you remember if DHS investigated those concerns?

19 A DHS did look into those concerns, yes.

20 Q What did DHS determine, if they reached a conclusion?

21 A We in DHS were of the mind that we needed to do a better job of program integrity  
22 overseeing Nonemergency Medical Transportation.

23 Q After you reached that conclusion of DHS needing to do a better job of program  
24 integrity, did you then report that conclusion or that decision to the Governor's office or the Attorney  
25 General's office?

1           A     That would have been part and parcel of the budget package that we were negotiating  
2 with the legislature.

3           There were parts of the budget that addressed that. I mean, it was a matter of concern, and  
4 we needed to do a better job.

5           And I'm sure -- I mean, I'm not going to speculate any farther. But it was a matter of concern;  
6 it was a matter of conversation. We needed to make sure we had the tools and the authority to  
7 oversee it properly.

8           Q     Based on your experience as a legislator and your experience as the commissioner of  
9 DHS, would the Governor's office and the executive branch of the State of Minnesota government  
10 have been aware of those fraud concerns at that time then?

11          A     Yes.

12          Q     And just to clarify for the record, that would have been 2019?

13          A     2019, the administration would have been aware, yes.

14          Q     Were there any other programs that your deputy commissioners or anybody else within  
15 DHS brought concerns to you about with fraud or program integrity?

16          A     I don't recall any others.

17          Q     So just to clarify, you do remember the Nonemergency Medical Transportation  
18 program, and then it was the medication --

19          A     Assisted therapy.

20          Q     -- medication assisted therapy program.

21                 Were those the only two programs that DHS brought concerns to you about?

22          A     The CCAP as well, Child Care Assistance Program.

23          Q     Okay. Child Care Assistance Program. Who brought those concerns to you?

24          A     The primary and most thorough assessment of the needs of the Child Care Assistance  
25 Program would have come through the Office of Legislative Auditor report that we've discussed. I'm

1 happy to answer more questions to the best of my ability.

2 Q So was the release of the Legislative Auditor's report or any potential conversations you  
3 had with the Legislative Auditor the first time you've heard of concerns related to the Child Care  
4 Program?

5 A No.

6 Q When was the first time you heard about fraud-related concerns to the Child Care  
7 Program then?

8 A These are longstanding concerns, and I heard of them early in my legislative career,  
9 2007.

10 Q Did you hear about any new concerns about the Child Care Program that you were not  
11 already aware of or that were not already common knowledge at the time you started your term as  
12 DHS commissioner?

13 A The Office of the Legislative Auditor report gave us more insights into specifics, but the  
14 general program integrity issues were known.

15 Q Did DHS look into or investigate the specific insights that they gained based on the  
16 Legislative Auditor report?

17 A We were looking into it, yes, and it was -- there were components included in the  
18 budget bill to make sure DHS had the tools and the authority to run a program with integrity.

19 Q So similar to like you discussed with Nonemergency Medical Transportation, with these  
20 concerns with CCAP, if they were part of the budget process, then would the Governor's office and  
21 the executive branch then been aware of the new insights that you have learned in 2019 about the  
22 Child Care Program?

23 A I actually pushed back a little bit on the new insights. I mean, more details about where  
24 we were at risk came out in the Office of the Legislative Auditor report.

25 And, yes, the Governor's office would have been aware of this report and been a partner in

1 trying to make sure that the Department of Human Services had the tools and the authority  
2 necessary to oversee this program to ensure that the dollars appropriated served the purpose for  
3 which they were intended.

4 Q Thank you.

5 And similar to the conclusion you reached with the Nonemergency Medical Transportation  
6 program, did you reach the same or a similar conclusion about needing better program integrity for  
7 the Child Care Assistance Program?

8 A Yes.

9 Q Thank you.

10 Ms. Wolfe. We're at our one-hour mark. We'll go off the record.

11 [Recess.]

12 [REDACTED] We can go back on the record. It's 11:25.

13 EXAMINATION

14 BY [REDACTED]:

15 Q Thanks for being here voluntarily.

16 I just have a couple follow-up questions from the last round.

17 So you mentioned that during your tenure as commissioner, fraud was a matter that you paid  
18 a lot of attention to and you took seriously.

19 Can you just speak broadly to what other issues you were prioritizing during your tenure?

20 A My main priority was going to the legislature and getting a budget, a biennial budget bill  
21 passed that would allow us to make sure we were executing and administering the wishes of the  
22 legislature that the Governor and his office agreed to.

23 Q Were there specific kind of programmatic priorities or issue areas in healthcare or other  
24 things that were priorities?

25 A You know, investments in programs for children was a high priority. Investments in

1 healthcare and making sure that every Minnesotan had access to quality and affordable healthcare  
2 was a top priority. Substance abuse was a top priority.

3 These were the things -- home and community-based services was a large priority, long-term  
4 care for elderly, disabled. A lot of priorities, big, big, big agency.

5 Q On that note, I just wanted to kind of talk through some of DHS' work from your tenure  
6 as commissioner to the extent that you know, broadly, obviously, what the agency does now and  
7 what it was doing during your tenure. Let's read through some stats according to a printout from  
8 DHS' main page on the website.

9 It says the agency currently serves over one million Minnesotans in 87 counties, 11 Tribes,  
10 and it works to help Minnesotans meet their basic needs so they can live with dignity and achieve  
11 their highest potential.

12 Do you believe that DHS fulfills this mission?

13 A Generally, yes, I do believe DHS achieves its mission.

14 Q Our understanding is that DHS administers programs that help people access insurance,  
15 including Medicaid programs -- you've mentioned MinnesotaCare -- as well as family planning  
16 services, home and community-based health services, mental health treatment, HIV and AIDS  
17 services, and substance use disorder treatment.

18 Is that your understanding broadly?

19 A That is.

20 Q It's our understanding that approximately 42 percent of Minnesota children rely  
21 currently on Medicaid or other State-funded medical assistance.

22 Does that sound correct to you?

23 A That sounds in the ballpark.

24 Q Just from your experience both as a legislator and also as commissioner, what would  
25 happen to Minnesota children and families if Federal funding cuts to Medicaid prevented them from

1 being able to access some of these services?

2 A It would be absolutely disastrous. I mean, people, kids would die. And without these  
3 funding streams, the provider community would be in serious jeopardy, particularly those most  
4 vulnerable, the social safety net providers that rely on these funding streams.

5 Q So would it hurt smaller communities, rural communities if Federal cuts were made to  
6 Medicaid?

7 A Yes.

8 Q You mentioned during your tenure as commissioner that everyone at DHS was  
9 concerned with fraud, took it seriously.

10 Just to clarify, that's like DHS leadership and your rank-and-file employees, in your  
11 experience?

12 A In my experience, yes. I mean, embedded in the idea of using every dollar for the  
13 purpose for which it was intended, embedded in that concept is preventing fraud, waste, and abuse.

14 Without preventing fraud, waste, and abuse, you're not using your dollars as wisely as you  
15 can. There was nobody who did not recognize these truths.

16 Q So it was important to you that within DHS programs, program integrity was built in, it  
17 sounds like?

18 A Incredibly important, yes.

19 Q And you have no reason to think that employees tasked with implementing program  
20 integrity failed to do that to the best of their ability?

21 A No, I don't.

22 [REDACTED]. We'll go off the record.

23 [Recess.]

24 Ms. Wolfe. We'll go back on the record. It's 11:31 a.m.

25 BY MR. FURLA:

1 Q Mr. Lourey, during the previous hour we discussed that DHS reached the conclusion that  
2 they needed to have better program integrity for the medication assisted therapies program, the  
3 Nonemergency Medical Transportation program, and the Child Care Assistance Program.

4 Do you remember any programs under DHS where you reached that same or similar  
5 conclusion during your tenure as DHS commissioner?

6 A I don't recall any other programs having major program integrity concerns.

7 Q When you say major program integrity concerns, were there any other programs with  
8 just regular program integrity concerns then?

9 A Program integrity -- as I was just mentioning, program integrity is part and parcel of  
10 running a good program. I mean, you always have to pay attention to it in every single program.

11 I don't recall any specific concerns over another program that needed better tools or  
12 authority to do our best as an agency.

13 Q Thank you.

14 Do you know if you saw any of the same providers being involved with the three programs  
15 you mentioned specifically having program integrity concerns?

16 A I'm not clear on what you're trying to get at here. What --

17 Q Did you see any of the same providers who were involved in the programs that you  
18 mentioned having program integrity concerns?

19 Ms. Ganapathy. Can I ask a clarifying question?

20 Mr. Furla. Yes. Of course.

21 Ms. Ganapathy. Were you familiar with the providers at a program level as a general matter  
22 during this time?

23 Mr. Lourey. Is that the nature of your question or --

24 Mr. Furla. That would be foundational -- yes, that would be the foundation of that question.

25 Mr. Lourey. I was familiar with many of the players in the provider community from my time

1 as senator.

2 Mr. Furla. Then, to that end, did you see any of the same players involved with these  
3 programs where DHS determined there were major program integrity concerns?

4 Mr. Silverblatt. You're asking the same provider, multiple programs?

5 Mr. Lourey. That's what I was --

6 Mr. Furla. That's correct.

7 Mr. Silverblatt. Okay.

8 Mr. Lourey. I don't recall any overlap in the provider community between Child Care  
9 Assistance Program, Nonemergency Medical Transportation, and medication assisted therapy. To my  
10 knowledge, those were separate providers. I wasn't aware of any common ownership or anything.

11 Mr. Falcone. Were you aware of any of these providers who were billing these programs  
12 simultaneously or perhaps in close coordination with each other?

13 Mr. Lourey. I was not.

14 BY MR. FURLA:

15 Q Moving on, you mentioned that you had interactions with Mr. Greeman, Mr. Dave  
16 Greeman. What were those interactions?

17 A Dave Greeman was -- I don't recall his title, but he was in the financial office of DHS and  
18 was probably the best mind we had about the budget.

19 And so as we're negotiating a budget, the conversations I had with Dave were about spending  
20 and what it would -- what different changes would mean.

21 Q Did you have any communications with Mr. Greeman regarding fraud or program  
22 integrity concerns?

23 A Not to my recollection.

24 Q Did Mr. Greeman bring to you -- or do you know if Mr. Greeman brought to you or to  
25 any of your deputy commissioners concerns about fraud or program integrity at any of the programs

1 that DHS was administering?

2 A Not to my recollection.

3 Q Aside from financial conversations with the budgeting process, did you have any sort  
4 of -- any other communications with Mr. Greeman during your tenure as DHS commissioner?

5 A Social interactions. I mean I was trying to get to know our team. We had a couple of  
6 social interactions, got to know each other personally.

7 Q Would Mr. Greeman prepare any sort of documents or financial statements for yours or  
8 DHS leadership's review?

9 A Mr. Greeman would have -- his office was in charge of the fiscal note process. I don't  
10 know what you guys call it in Congress. But there's a legislative proposal that's being considered or a  
11 Governor's budget proposal that would be considered, and he -- his team did the nuts and bolts.

12 Here's how we believe this language would play out. These actors would behave in this way,  
13 these actors would behave in this way, and it would cost this much, and it's tied down. And those  
14 were the numbers that we would use then in the budget. If we're going to adopt this proposal, this is  
15 what needs to be appropriated to DHS. It was very nuts and bolts.

16 This proposal, we assumed, would work like this and it would thus -- and the costs associated  
17 with the way this proposal would play out are this. It was very nuts and bolts.

18 Q Did Mr. Greeman's office prepare a fiscal note for the budget that you referred to that  
19 was passed?

20 A Mr. Greeman would have prepared likely thousands of fiscal notes in order to support  
21 the budget that we passed and then a final budget package that tallied up all of the costs of all of the  
22 various proposals that were in the final package.

23 Q Did any of those fiscal notes or the final notes contain any concerns about fraud or  
24 program integrity concerns?

25 A Certainly.

1 Q Could you expand upon that, please?

2 A Not with great detail. But, again, fraud was a matter of concern to the legislature, to the  
3 administration, and we worked hard to make sure that DHS had the tools and the authority to  
4 properly oversee programs.

5 And those -- whatever changes were in that budget bill would have been priced out and been  
6 included in the fiscal notes, which are public. Anyone -- they're all public documents from that time.

7 Q And just to clarify for the record, those notes would have been created around 2019 or  
8 during your tenure as commissioner?

9 A Fiscal notes are produced routinely every year for every proposal that makes it far  
10 enough to -- in the legislative process -- to be considered for inclusion in a budget bill.

11 So, yes, there were fiscal notes during my tenure as commissioner produced through  
12 Mr. Greeman's office.

13 Q Did you have any conversations with Mr. Greeman or were any communications made  
14 to you from Mr. Greeman or his office about potentially having to move money to cover expenses?

15 Mr. Silverblatt. Any money for any expense?

16 Mr. Furla. State money specifically regarding a Federal drawdown process?

17 Mr. Lourey. None that I recall.

18 BY MR. FURLA:

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

20 A Yes.

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

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

1 Q During that time, did you have any conversations -- let me rephrase that.

2 Did you have any communications with Mr. Schmitter regarding fraud or program integrity  
3 concerns regarding the medication assisted therapies program, the Nonemergency Medical  
4 Transportation program, or the Child Care Assistance Program?

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

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

9 A That would have been in 2019, yes.

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

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

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

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

18 Q Yes.

19 A But I would say that it was likely.

20 Q Thank you.

21 A little bit earlier you said that you had conversations with any current or former member of  
22 the Minnesota State Legislature. Now, you being a former legislator, we're going to break that down  
23 a little bit.

24 Specifically during your tenure as DHS commissioner, who were some of the legislators who  
25 you communicated with specifically about fraud or program integrity concerns?

1           A    So I'm trying to remember who was the chair.

2           Tina Liebling -- Representative Tina Liebling was the chair of health and human services  
3 budget in the house. And Jim Abeler was a major -- the senate split the budget committee in two,  
4 and Senator Jim Abeler and Representative Utke -- Senator Utke -- I believe, were the leads. And  
5 Senator Julie Rosen was chair of the finance division.

6           And so the budget bills need to go through finance on their final passage. And she had -- she  
7 and I worked well together for a long, long time. And I know this was a matter of some interest to  
8 her, so talked with her about it as well.

9           Q    So just to make sure and clarify. All of these State legislators, you had conversations  
10 about fraud and program integrity concerns?

11          A    Yes.

12          Q    Were any of these the State legislators you mentioned a little earlier who were going to  
13 withhold their votes for the budget or other proposals if fraud concerns were not properly  
14 addressed?

15          A    Absolutely.

16          Q    And would you say that aside from -- in your experience as a legislator and in your time  
17 as the DHS commissioner working with the legislature, was it your impression that the budget was  
18 not going to pass if the fraud concerns were not adequately addressed?

19          A    That was my strong belief. We needed to come to terms on something we all agreed  
20 provided the tools and the authority that DHS needed to run programs in a way that prevented  
21 fraud.

22          Q    Did you -- sorry. Go ahead. Continue.

23          A    And, again, in the senate, the vote was 67-0. That's -- you know, I mean, we -- we all  
24 believed we had a set of policies that were going to work.

25          Q    Did those policies work?

1 A I was not there long enough to give insights into that.

2 Q In your experience as DHS commissioner or your service in the State legislature, if you  
3 were evaluating the situation, even from after you've left office, do you believe those policies  
4 worked?

5 A I'm not going to opine on that. All's I have is press reports. And from my time in the  
6 public space, I know that those aren't always a hundred percent accurate. So I'm not going to  
7 speculate.

8 Q And, Mr. Lourey, when you say press reports, are you referring to the press reports that  
9 discuss widespread fraud concerns within Minnesota social services programs?

10 A I've seen some of those.

11 Q Did you communicate to Governor Walz or Mr. Schmitter how serious it would be to  
12 need -- or the severity of needing to address these fraud concerns in order to get the budget passed?

13 A You're asking about during my tenure?

14 Q Yes.

15 A There was a broad awareness, in order to get a budget through the legislature, these  
16 issues needed to have broad bipartisan agreement that we have the tools and authority needed to  
17 run programs properly and avoid fraud, yes.

18 Q Thank you.

19 BY MR. FALCONE:

20 Q In the process of working with these State legislators, was there any point where they  
21 were dissatisfied with what you and Mr. Schmitter had presented them specifically regarding fraud  
22 and program integrity concerns within DHS programs?

23 A I do not recall specific instances.

24 Q Do you recall any instances where they sought changes to what you had presented?

25 A I don't recall specific instances. I'm certain they had -- I'm certain the legislature

1 brought forward some additional ideas about how to make sure that DHS had the tools and authority  
2 that we needed. And we were, as an administration, receptive to additional ideas.

3 We had crafted a Governor's budget, and then we needed to negotiate, and some of the  
4 ideas would have come from the legislature for sure.

5 Q Did any of those ideas detract fundamentally from DHS' ability to combat fraud and  
6 program integrity within its social service programs?

7 A I don't believe so.

8 BY MR. FURLA:

9 Q Mr. Lourey, earlier you mentioned you had conversations or communications with a  
10 current or former Member of the United States House or United States Senate. Who were those  
11 Members?

12 A Well, what time frame are we looking at?

13 Q During your time as DHS commissioner.

14 A During my time as DHS commissioner, current Congresswoman Fischbach would have  
15 still been in the legislature, I believe. I mean, chronology is not necessarily my strong suit. And I  
16 came out and I met with the entire congressional delegation and had conversations about the  
17 direction DHS should take.

18 Q Did you talk about fraud or program integrity concerns with these Members of  
19 Congress?

20 A Not to my recollection.

21 Q In your assessment of these meetings, were these normal meetings you would have had  
22 with Members of Congress as the DHS commissioner?

23 A Yes. They were routine, make sure we know each other, have lines of communication  
24 open, if you have concerns, here I am personally. Pretty brief meetings; busy crew up here.

25 Q Thank you.

1           Have you had any conversations with anyone other than your counsel or your family about  
2 this interview?

3           A    My colleagues know that I'm here. I had to be out of work for a couple days.

4           Q    Did anybody in the Minnesota State government contact you about this interview?

5           A    No.

6           Q    Has anyone contacted you about this interview?

7           Ms. Ganapathy. Other than counsel?

8           Mr. Furla. Yes.

9           Mr. Lourey. I had a couple of press inquiries.

10          Ms. Wolfe. Did any of those communications influence your testimony here today?

11          Mr. Lourey. No.

12                   BY MR. FURLA:

13          Q    Mr. Lourey, now I want to ask if you've had any interactions, beginning with January 1st,  
14 2018, and the present, with any of the following institutions related to DHS and the Child Care  
15 Assistance Program, the Housing Stabilization Services program, or the Early Intensive  
16 Developmental and Behavioral Intervention program.

17                   Please answer yes or no, and we'll come back and discuss each one?

18                   The United States Department of Health and Human Services, including their Office of  
19 Inspector General.

20          A    No.

21          Q    The Center for Medicare and Medicaid Services.

22          A    No.

23          Q    The Federal Bureau of Investigation.

24          A    No.

25          Q    The United States Department of Justice.

- 1 A No.
- 2 Q The Minnesota Office of the Legislative Auditor.
- 3 A Yes.
- 4 Q The Minnesota Office of the State Auditor.
- 5 A No.
- 6 Q The Minnesota Department of Human Services Office of Inspector General?
- 7 A Yes.
- 8 Q The Minnesota City Council -- Minneapolis City Council. Pardon me.
- 9 A No.
- 10 Q The Minneapolis Mayor's office?
- 11 A No.
- 12 Q Hennepin County?
- 13 A Not to my recollection.
- 14 Q Any other county in the State of Minnesota?
- 15 A 2018 and forward is the question?
- 16 Q Yes, but specifically related to those three programs that DHS administers.
- 17 A So in my role as senator, the counties I represented would come and visit me, and
- 18 different groups from the county and some of the social service groups would come down, and this
- 19 was an issue discussed. Fraud was an issue discussed.
- 20 Q What about during your time as the DHS commissioner?
- 21 A I don't recall specific instances with any counties during my tenure as commissioner of
- 22 the Department of Human Services.
- 23 Q Any managed care organization?
- 24 A 2018 and forward?
- 25 Q Yes.

1 A I don't recall specific instances.

2 Q Any Tribal-affiliated group.

3 A Regarding these three programs? I did visit with all of the Tribal-affiliated groups, and  
4 we did talk about the medication assisted therapy program.

5 Q And, lastly, the government or representative of any other U.S. State or jurisdiction.

6 A I don't recall specific instances.

7 Q All right. So with the Minnesota Office of the Legislative Auditor, what were the nature  
8 of your interactions with that office during this time period?

9 A Well, certainly when the Child Care Assistance Program report was issued, I had  
10 meetings to go over their findings and understand them and turn those that were actionable into  
11 policies incorporated in the budget bill.

12 Q And we'll discuss this a little bit later, but did you discuss concerns of fraud or program  
13 irregularities with the Office of Legislative Auditor?

14 A Yes.

15 Q Did you have any other interactions or communications with the Office of Legislative  
16 Auditor aside from the Child Care Assistance Program report?

17 A 2018?

18 Q During your time as DHS commissioner.

19 A During my time as DHS commissioner, I don't recall specific instances. The Child Care  
20 Assistance Program was the one that I do recall.

21 I will say the Office of the Legislative Auditor reports are public. If there are other Office of  
22 the Legislative Auditor reports that were issued during my tenure, which I haven't gone back to  
23 review to see if there are, I would have talked to them about it.

24 Q Did you talk to the Office of Legislative Auditor after your time as DHS commissioner?

25 A I did not. I got in my van with my dog, and I drove to Alaska.

1 Q The Minnesota Department of Human Services Office of Inspector General, what were  
2 the nature of your interactions with that office during this time period?

3 A This time period being my tenure --

4 Q Yes.

5 A -- at DHS?

6 Q Yes.

7 A The Office of Inspector General needed significant attention, and we were trying to  
8 make sure that they were able to do their job better than they had been prior to my tenure and  
9 during the initial period of my tenure.

10 Q What were the obstacles they were facing?

11 A I honestly don't recall with specificity what the issues were, but I do recall it was at a  
12 level that my -- that the two deputy commissioners and I all agreed we need to address this; we were  
13 working to do so.

14 Q Did those concerns have to do with fraud or program integrity concerns?

15 A Yes.

16 Q Could you be more specific?

17 A Fraud and program integrity is the purview of the Office of the Inspector General. The  
18 specific shortcomings that we saw, I can't speak to the specifics.

19 I know we felt that the current head of that division was not performing at a level that gave us  
20 the comfort that we were doing all we could do to identify fraud.

21 Q Did you feel that the head of that division was not doing their job competently, or did  
22 you feel like there was a reason that they were not being -- that fraud and program integrity was not  
23 being looked into how you wanted it to be?

24 A My recollection is that it had to do with competence.

25 Ms. Wolfe. And, for the record, who would have been the Inspector General at that time?

1           Mr. Lourey. That was Carolyn Ham. It took me quite a while to come up with that name  
2 again after I got this request.

3           Mr. Falcone. Do you recall if there were any concerns about her being compromised in  
4 performing her duties?

5           Mr. Lourey. I don't have a recollection of there being any compromise in the sense -- you're  
6 asking, was she getting kickbacks or something?

7           Mr. Falcone. Any sort of personal conflicts.

8           Mr. Lourey. I saw no -- I'm not aware of any conflicts of interest. It was a competence thing,  
9 to the best of my recollection.

10          Ms. Wolfe. Can you provide an example of how the Inspector General lacked competence?

11          Mr. Lourey. I honestly can't.

12          Mr. Furla. Were you aware of any DHS officials at the commissioner or deputy commissioner  
13 level -- or at the deputy commissioner level or DHS employees or staff who took issue with the work  
14 that Carolyn Ham was trying to do at that time?

15          Mr. Lourey. Some of the issues that led to my belief that there were competence issues rose  
16 up from concerns from staff she oversaw.

17          Mr. Furla. Did you have any conversations with the Minnesota Department of Human  
18 Services Office of Inspector General after you were done with your term as commissioner?

19          Mr. Lourey. I did not.

20          Mr. Falcone. Do you remember if there was a specific division within the staff that she  
21 oversaw that these competence concerns arose from?

22          Mr. Silverblatt. Can you say that again?

23          Mr. Falcone. Was there -- you said that competence concerns arose from staff that she  
24 oversaw. Were these staff in a specific division?

25          Mr. Lourey. Not to the best of my recollection.

1 BY MR. FURLA:

2 Q Did you hear any concerns with staff who were looking into concerns with the Child Care  
3 Assistance Program about Ms. Ham?

4 A I don't recall where -- which programs and the Inspector General staff that were  
5 managing which programs. It was across many programs. I mean, I -- this was a problematic  
6 employee from our perspective.

7 Q So just so we understand better, Ms. Ham is the Department of Human Services Office  
8 of Inspector General. She was -- her job description, would that have been to investigate fraud or  
9 program integrity concerns across all DHS programs?

10 A That's my understanding, yes.

11 Q So at that time did you and your deputy commissioners have concerns with Ms. Ham's  
12 ability to detect fraud in any of the Department of Human Services programs then?

13 A Yes, we did.

14 Mr. Silverblatt. Do you mean any or all?

15 Mr. Furla. Yes. Let me rephrase that.

16 BY MR. FURLA:

17 Q Did you have concerns that Ms. Ham was unable to correctly detect and prevent fraud  
18 in all of the DHS programs?

19 A We did not have confidence that she had the skill set necessary to ensure program  
20 integrity in any program. So there was no program that we felt this was the right person.

21 Q Was she appointed? Do you know how she got into this role?

22 A I do not know how she got into that role.

23 Q Earlier we discussed some of the counties that you may have had contact with as a  
24 senator bringing up fraud concerns. Could you expand upon that a little bit?

25 A You know, social service workers had concerns about fraud in their interactions with -- I

1 mean, largely, they were not very -- the ones who complained about it were not a very sympathetic  
2 crew to the population they were serving and didn't have credible allegations that were provable,  
3 but did have concerns.

4 Ms. Wolfe. Can you break that down a little bit for us? What do you mean when you say they  
5 were not sympathetic to the communities they were serving?

6 Mr. Lourey. You know, a lot of the people that are served by the Department of Human  
7 Services have a lot of issues in their lives. We're talking about people with severe mental illness,  
8 we're talking about people with substance use disorder, we're talking about people of very modest  
9 means that live in substandard housing. And some of the social workers took a pretty punitive  
10 approach to those populations that they serve. And they would bring those allegations forward.

11 BY MR. FURLA:

12 Q So just to clarify, this was during your time as a senator.

13 Did you hear or were you aware of any sort of these allegations during your time as the DHS  
14 commissioner?

15 A I did not hear these concerns from counties as my time -- in my time as DHS  
16 commissioner.

17 Q Do you think that those problems went away between the time you were senator and  
18 commissioner, or was there potentially a reason those concerns were not brought to you as  
19 commissioner?

20 A You know, I'm not going to necessarily buy into the assessment that these were  
21 problems. You know, kids of people with mental health issues, kids of people with substance use  
22 issues need medical care and they need food, and that doesn't equate to fraud.

23 So I'm aware that there were individuals that took a pretty expansive view of what accounted  
24 for fraud and was always willing to listen, but try to make sure we're doing the best we can by the  
25 people we serve.

1 Q You mentioned earlier having discussions with Tribal-affiliated groups. Regarding the  
2 medication assisted therapies program, did you have any conversations with Tribal-affiliated groups  
3 about fraud or program integrity concerns related to any other programs during your time as DHS  
4 commissioner?

5 A Not to my recollection.

6 Q Any during your time as a senator?

7 A Not to the best of my recollection.

8 Q Thank you.

9 Moving on, I'd like to ask you some general operational questions about your time as the  
10 commissioner at DHS.

11 How did you conduct official Minnesota Department of Human Services business? Was this  
12 usually in person, through the phone, email? Could you describe how your business was conducted  
13 usually?

14 A That's a bit too broad. I mean, I'm not -- everything I did was about the business of the  
15 Department of Human Services. I stayed up late reading reports. I got up early and read reports. I  
16 made phone calls. I checked in on how things were.

17 I mean, everything I did was an approach to my job. It was all-consuming. I mean, this is a  
18 massive agency.

19 Mr. Silverblatt. He's asking how. So did you have a work phone?

20 Mr. Lourey. Oh, I had a work phone, yes.

21 BY MR. FURLA:

22 Q Did you have a work email account?

23 A Yes, I had a work email account.

24 Q Did you use Microsoft Teams or any other messaging system?

25 A I don't know what the software we had was. I had an email account. And we

1 used -- and there was texts as well, text capabilities. But what the software was, I couldn't -- I don't  
2 recall.

3 Q How would you primarily communicate with your deputy commissioners at DHS?

4 A We were in a suite together. So, I mean, we saw each other face to face most days.

5 And we also texted, and we also emailed. I mean, every manner of communication.

1 [12:15 p.m.]

2 BY MR. FURLA:

3 Q How did your team communicate with the Governor's office, primarily?

4 A Primarily, through the chief of staff.

5 Q Did you use a telephone? Was that email, text message?

6 A All of the above and in person.

7 Q Would the Governor's office use those same modes of communication to communicate  
8 with you or DHS?

9 A Yes.

10 Q I know you said earlier you had a State email account. Did you have more than one  
11 email that you managed, as commissioner of DHS?

12 A I don't recall. I don't recall.

13 Q Did you ever conduct official Department business with a personal email?

14 A No.

15 Q I know you said earlier that you had a State-issued phone. Was this a land line at your  
16 desk or did you have a cell phone as well?

17 A I had a cell phone for sure. Prob -- I think I had a landline, but it wasn't -- I didn't -- I  
18 didn't use that very much, primarily cell phone.

19 Q Did you ever conduct official Department business with a personal cell phone?

20 A No.

21 Q In general, was it Department policy to preserve emails, documents, and other  
22 communications?

23 A Yes.

24 Q Do you know if DHS had a specific policy or timeframe for the retention of documents?

25 A They did.

1 Q How long were documents kept, if you know?

2 A Email retention policy was 3 months is my recollection. Documents, it's going to depend  
3 on what the document is. Fiscal notes, those are, you know, still there. They're in an archive. I  
4 couldn't speak to details about documents.

5 Q Do you know if this policy has changed at all during your tenure, or is it consistent?

6 A It was consistent during my tenure.

7 Q Do you know if the policy changed at all after you left?

8 A I do not know.

9 Q Do you know if the policy was different during your time as a state senator?

10 A I'm -- I'm not aware of changes.

11 Q Do you recall any requests from any State official to delete emails or official documents  
12 related to any Federal programs you oversaw at DHS?

13 A No.

14 Q Are you aware of any State official deleting official documents at DHS?

15 A Outside of policy? I mean, document destruction, according to policy happens, I'm sure  
16 happened. I am not aware of any destruction of documents outside of policy.

17 Q Thank you. Have you ever instructed anyone to delete official records outside of policy?

18 A Absolutely not.

19 Q Have you ever deleted any emails or other official documents outside of policy?

20 A Absolutely not.

21 Mr. Silverblatt. I assume you're talking like non-spam?

22 Mr. Furla. Yes.

23 BY MR. FURLA:

24 Q Official emails with substantive matters in them.

25 A No.

1 BY MR. FALCONE:

2 Q Have you ever participated in a document redaction for a public document production,  
3 public records production?

4 A Yes.

5 Q Were you ever instructed to redact information beyond what was required by law?

6 A No.

7 Q Did you ever instruct anyone at DHS to do so?

8 A To redact beyond the requirements? No.

9 BY MR. FURLA:

10 Q Thank you.

11 During your time at DHS, do you know what fraud detection and prevention systems were in  
12 place?

13 A I certainly couldn't give a run -- a complete rundown, but in general.

14 Q But you were aware that DHS had fraud detection systems in place during your time as  
15 commissioner?

16 A Yes.

17 Q And were those electronic? Were those people physically auditing documents? Do you  
18 know how that worked?

19 A I -- I was not integrally involved in the day-to-day work of the people doing that, that  
20 task.

21 Q When you first started as DHS commissioner, did you believe DHS had sufficient internal  
22 controls in place to detect and prevent fraud?

23 A I believed there was work to be done to improve program integrity.

24 Q What specifically needed to be done?

25 A The specifics, I'm going to have a hard time recalling. I don't have a recollection of the

1 specific program integrity proposals that we needed. But I do remember, yes, we needed to step it  
2 up. I mean, if you think about it, fraud is a really complicated problem.

3 And fraudsters change up their tactics constantly. And in order to stay ahead of them, you  
4 need to step up your, you know, tools, authority, approach to preventing fraud, and that's -- that's a  
5 continual process.

6 So 6 years ago, exactly what the recommendations for improvements were at that -- in that  
7 time and space, given the information that we had about how fraudsters were approaching it, I'm  
8 just -- I'm not going to be able to get into specifics and recall with clarity. I'm sorry.

9 Q Do you recall having the belief that there needed to be better program integrity  
10 measures taken throughout the entirety of your term as DHS commissioner?

11 A Yes.

12 Q Has that changed at all after your departure from DHS?

13 A I can't speak to what occurred in DHS after my departure.

14 Q Do you know if the fraud detection systems were uniform across all levels of the  
15 Department or if different divisions used different programs?

16 A They would not have been uniform. They were, you know, specifically tailored to the  
17 program being overseen. I mean, it wouldn't make sense to have just one uniform cookie cutter  
18 approach to all of the various programs we oversee.

19 Q So yes, they were not uniform across all levels of the Department?

20 A Correct. They were not uniform.

21 Q Do you know if any counties or municipalities could implement their own fraud  
22 detection and prevention systems?

23 A I don't know.

24 Q Could you describe DHS' role in overseeing the programs, specifically the Federal  
25 programs it administered, in order to detect and prevent waste, fraud, and abuse?

1 A That's a bit broad. Can you --

2 Q Yes. In your role as commissioner, what was your understanding of the Department of  
3 Human Services' responsibility to conduct oversight of the Federal programs it was administering to  
4 prevent waste, fraud, and abuse?

5 A We were the lead agency in overseeing the programs that had a Federal financial  
6 participation. The buck stopped at DHS. It was our -- it was our duty to ensure that those programs  
7 were run with program integrity at the -- at its core.

8 Q During your time as DHS commissioner, did you believe that everybody within DHS  
9 understood that it was the Department's responsibility to ensure the proper oversight of Federal  
10 dollars in these programs?

11 A I believe every -- I believe every employee in DHS understood that that was part of our  
12 duty, yes.

13 Q Do you know if DHS used the United States Treasury's stop payment fraud detection  
14 system during your time as DHS commissioner?

15 A I do not know.

16 Q Do you know if they used that system while you were a Senator or after your tenure?

17 A I'm not familiar with that system.

18 Q Do you know if DHS used any other payment prevention tool, such as Swift or CLiCS, for  
19 example?

20 A I'm not familiar with those tools.

21 Q During your time as DHS commissioner, did DHS allow for self-attestation in any  
22 Medicaid or social services program it would administer?

23 A There were -- there are certainly aspects of a program that are amenable to  
24 self-attestation.

25 Q Did you agree with using self-attestation in these programs to effectively prevent fraud?

1           A     Self-attestation in and of itself is not sufficient to prevent fraud, but if the Child Care  
2 Assistance Program, you know, are you attesting that you've -- you are, you know, as a provider,  
3 aware of the Federal regs? Yeah, we would accept self-attestation on that fact.

4           You know, on documentation about the roster of children that you served, no, certainly not.

5           Q     Do you know what other programs, or what other programs within DHS that were  
6 using -- that were administering Federal dollars through the programs, do you know which other  
7 programs used self-attestation, aside from Child Care Assistance?

8           A     I'm not aware of specific instances.

9           Q     Do you know if any of the other programs, specifically the Medication-Assisted Therapy  
10 Program or the Nonemergency Medical Transportation Program that you mentioned, had major  
11 concerns about program integrity earlier, used self-attestation?

12          A     I don't know of any fact in the oversight that was accepted as self-attestation.

13                   BY MR. FALCONE:

14          Q     How did DHS verify that providers understood Federal regulations that they were to  
15 comply with when they were self-attesting that they had administered services?

16          A     I'm -- I wasn't familiar with the details of how DHS would ensure knowledge of Federal  
17 regulations. That's pretty -- pretty detailed work.

18          Q     Do you know if they did have a process in place to do so?

19          A     I don't.

20          Q     Do you know if they just took their word at face value?

21          Mr. Silverblatt. On what specific point?

22          Mr. Falcone. That they were self-attesting that they understood the Federal regulations they  
23 were purporting that they were complying with.

24          Mr. Lourey. I don't know how they confirmed awareness of Federal regs.

25                   BY MR. FURLA:

1 Q Was there anything preventing DHS from acting on or addressing concerns about fraud  
2 during your time as the commissioner?

3 A I don't recall barriers that we felt limited us in our ability.

4 Q Was there anything limiting DHS' ability to initiate a stop pay order, for example, on any  
5 providers who you believed to be committing fraud or have serious program integrity issues that you  
6 were noticing?

7 A I -- I don't recall using a stop payment during my tenure, but I believe we had that  
8 authority.

9 Q And if I'm using a specific term when I say, "stop payment," I'm just saying -- referring to  
10 generally, do you know if DHS had any obstacles to stop the flow of money going to providers when  
11 there were concerns about program integrity?

12 A Well, I'm not aware of specific examples. I mean, we had contracts, I mean, and, you  
13 know, general contract law would apply. You know, our -- if we were to stop payment, we'd have to  
14 have articulable facts, presumably, and -- I'm speculating again.

15 I don't recall needing to use that issue -- I mean that -- I don't recall having to stop payments  
16 for specific providers that were perpetrating fraud. And so, I didn't -- I don't recall looking into the  
17 scope of our authority to stop payments.

18 Q Did anybody at DHS ask you to have money stop going to these providers when  
19 concerns of fraud or program integrity were brought up?

20 A Which providers?

21 Q Any of them who administered the Federal programs under DHS.

22 A I don't recall a request to stop a payment for a specific provider.

23 Q To your knowledge, what safeguards were in place to prevent individuals associated  
24 with a terminated provider from reregistering with DHS using another entity?

25 A I remember that issue coming up, and I remember that as an issue that needed some

1 attention. We needed some additional eyes on a provider that had been identified as fraudulent  
2 coming back as another entity.

3 And that's a -- you know, that's a common issue around the country, and I remember we  
4 needed -- I remember identifying it as an issue that we should be paying close attention to.

5 Ms. Wolfe. We are at our 1-hour mark. We'll go off the record.

6 [Discussion off the record.]

7 [REDACTED]. We'll go on the record. The time I have is 12:43.

8 [REDACTED]:

9 Q Thank you again for coming, Mr. Lourey. We really appreciate it.

10 We just had a few questions. In the previous hours, you've discussed your work on the  
11 legislative proposal and how you were able to get it passed. I believe it was 67-0 in the senate.  
12 Impressive.

13 And I just wanted to talk -- you talked about some of the program integrity goals of the  
14 legislative proposals. Were there any other goals you were trying to achieve with the legislative  
15 proposal? You talked about how robust DHS is.

16 So was there anything else that were a key part of the legislative proposals you were trying to  
17 achieve?

18 A There were investments in children and youth programming. There was investments in  
19 mental health services. There was investments in substance use disorder.

20 There was -- it was -- the TANF cash assistance was increased for the first time in decades to  
21 families. It was -- it was a really good bill, looking at the needs of Minnesotans and trying to respond  
22 to changing circumstances and try to get to a place where every Minnesotan has, you know, the  
23 ability to perform at their very best and get the healthcare and the services that they need to ensure,  
24 you know, housing and food and supportive services to move to competitive employment. All of  
25 these things.

1 Q So would it be fair to say that while program integrity proposals were a key part of it,  
2 there were other proposals that were important in order for Minnesotans to get the services that  
3 they need?

4 A Absolutely. I mean, that is -- that is the primary focus. And then also, like I say, each of  
5 these programs isn't actually meeting its objectives if it's not run in a manner that ensures that we  
6 stay ahead of people who would take advantage of it and make sure that those dollars appropriated  
7 are serving the purposes for which they were intended.

8 And so, you can't look at one side, getting the dollars out the door to the people who need  
9 services and program integrity/fraud prevention. It's one package.

10 Q And you mentioned some of the program integrity proposals that you included in part of  
11 the budget out of concerns from State legislators -- legislatures, or the auditor's report.

12 So would it be fair to say from day one, the Walz administration took concerns about program  
13 integrity in DHS programs seriously?

14 A Absolutely. From day one, the Walz administration was -- took fraud concerns very  
15 seriously, and was a partner in working toward delivery of services that prevented fraud.

16 [REDACTED]:

17 Q I want to return to discussing the OLA report on the Child Care Assistance Program  
18 we've been discussing. Do you know whether DHS implemented any findings and recommendations  
19 from that report?

20 A I can't speak to the specific implementation of specific recommendations. That said,  
21 you know, this -- the OLA report is also a public document that the legislature is aware of, the  
22 administration is aware of.

23 We typically do our very best to take those actionable items within Office of Legislative  
24 Auditor reports and implement those recommendations in statute. And so --

25 Q So when a report comes out from OLA that's focused on a DHS program, even not this

1 report but any report, is it fair to say that the agency would discuss and work towards implementing  
2 recommendations to the best of its ability?

3 A That is a fair statement, yes.

4 Q So according to the Minnesota House Research Service, the Child Care Assistance  
5 Program is a joint Federal-State program that subsidizes childcare expenses for low-income families.  
6 Its main purpose is to help parents cover the cost of childcare so those parents can retain  
7 employment or participate in education or training that leads to improved employment.

8 Why is it economically beneficial for those families to have access to subsidized childcare,  
9 from your perspective?

10 A Childcare is incredibly expensive, largely because it's incredibly hard and important  
11 work. And for families of modest means and without the necessary skills to get to high-paid  
12 employment, you know, there's a disconnect there. And we want children in those earliest years to  
13 be cared for in a supportive and, you know, educational environment.

14 And so, as an investment in the future of our youth, it's a -- it's a critical tool in helping those  
15 children succeed and helping the parents get to a place where they're better able to support their  
16 household in the future years for those children. I mean, it's -- these -- Child Care Assistance Program  
17 is -- is a wonderful investment for our youth and their families.

18 Q So in January of this year, 2026, the U.S. Department of Health and Human Services  
19 temporarily blocked CCAP funds to multiple States, including Minnesota.

20 From your perspective, both as the former commissioner and as a former legislator, what will  
21 even a temporary gap in CCAP benefits mean for working Minnesota families?

22 A I'm personally aware of people who have lost their jobs at these centers. I'm personally  
23 aware of parents who are no longer able to pursue their training or their career, because they no  
24 longer have the support to pay for the quality daycare that they need in order to pursue those goals  
25 that support families. It's -- it's quite tragic and painful to watch.

1 [REDACTED]. We'll go off the record.

2 [Discussion off the record.]

1 [1:27 p.m.]

2 Ms. Wolfe. We'll go on the record. It's 1:27.

3 BY MR. FURLA:

4 Q Mr. Lourey, during our investigation, we've had DHS whistleblowers allege that  
5 members of the Walz administration believed it was more important to get money out the door  
6 leading up to the pandemic, and during the pandemic, than verifying whether the recipient was  
7 legitimate.

8 Do you share the same concerns as those whistleblowers?

9 A I can't speak to the Walz administration's approach during the pandemic. I was -- I was  
10 not there.

11 Q What about leading up to it, in 2019?

12 A We had no clue that the pandemic was coming in 2019. I -- I did not share the opinion  
13 that the Walz administration cared more about getting money out the door than fraud prevention.

14 Again, fraud prevention is part and parcel of running a good program. If you want to serve  
15 the people well, you need to do it with program integrity, and I found them a partner in that shared  
16 goal.

17 Q In the context of significant Federal funding provided to States, what guidance did you  
18 receive from your -- from the administration regarding the speed of distributing funds?

19 A I don't recall any direction or guidance as to the speed of delivering funds.

20 Q Whistleblowers have stated that State officials were discouraged from questioning  
21 certain funding out of concern they could be labeled as racist.

22 During your time at DHS, did you observe or become aware of that dynamic?

23 A I did not.

24 Q DHS whistleblowers have reported conduct that they believe indicates fraud was  
25 occurring.

1 As DHS commissioner, did you ever witness or become aware of reports about any of the  
2 following practices: We'll start with a yes or no.

3 Billing for services not provided?

4 A And the specific question, again, please?

5 Q Yes. DHS whistleblowers have reported conduct they believe indicates fraud was  
6 occurring. As the DHS commissioner, did you ever witness or become aware of reports about any of  
7 the following practices, yes or no:

8 Billing for services not provided?

9 Mr. Silverblatt. So you're asking whether he's heard anything about it, not whether it's true,  
10 just whether he has heard anything about that topic?

11 Mr. Furla. Well, did he either personally witness it or did Mr. Lourey become aware of it  
12 subsequently?

13 Mr. Lourey. I did not -- I was not aware of providers, you know, specific instances of providers  
14 being reimbursed for services they did not provide.

15 BY MR. FURLA:

16 Q Did you ever hear of reports of this?

17 A Not to the best of my knowledge.

18 Q How about billing for incorrect services to obtain a higher reimbursement?

19 A That's a common concern within the medical -- the provision of medical care. I'm  
20 certainly aware of the general concern about upcoding, which is what that is referring to. And I was  
21 aware that that is a -- that is a -- an issue to pay attention to.

22 Q Did you observe or hear reports about it during your time as DHS commissioner related  
23 to any of the programs that DHS would administer?

24 A None that I recall with specificity.

25 Q How about billing for the same service more than once?

1           A     It is a fraud tactic that is well-known, one that we were trying to institute practices to  
2 catch and stop.

3           Q     Did you observe this or hear reports about this during your time as DHS commissioner?

4           A     None with any specificity I can recall.

5           Q     How about billing for services outside of compliance with applicable law or contract  
6 provisions?

7           A     I don't recall specific instances, though that is, again, always, you know, one of the ways  
8 fraudsters behave. We were aware that is something we needed to be watching for.

9           Q     Were you aware of failure to provide required deliverables for billed services, such as  
10 reports?

11          A     That is one of the areas of deficiencies, to the best of my recollection, that was  
12 incorporated in the Office of the Legislative Auditor's report on the Child Care Assistance Program,  
13 reviewing and requiring adequate documentation.

14          Q     Did you encounter that issue in any other of DHS' programs aside from Child Care  
15 Assistance Program?

16          A     Not to the best of my recollection.

17          Q     How about using nonpublic or insider knowledge to obtain a contract or license?

18          A     I don't have any recollection of being alerted to instances of that.

19          Q     Did you observe it?

20          A     No, I did not observe it.

21          Q     How about submitting false, incomplete, or untraceable patient or service records?

22          A     I have no recollection of specific instances of that, and any that I was aware of, we  
23 would have taken action.

24          Q     Moving on to the background with your selection process as the commissioner of DHS,  
25 just for the record, when were you appointed to be DHS commissioner?

1 A Around the first of the year in 2019.

2 Q Do you know how many other candidates were considered?

3 A Not -- no, I don't.

4 Q What was the selection process? Did you apply? Were you contacted?

5 A I did apply. I make no bones about the fact I wanted that job very badly. I lobbied for it  
6 hard. I was a trusted voice within the Health and Human Services space, and I asked many other  
7 trusted voices to advocate for me. And the process, you know, there was a series of interviews.

8 Q During that interview process, what did you convey to the Governor's team about your  
9 vision to lead the Department?

10 A What did I convey? A passion, a sincere passion for the services that DHS is responsible  
11 for providing. And again, as I've said many times, you know, which, you know, to the point of fraud,  
12 incorporates program integrity. You know, we -- we're not doing anyone any favors if we're not  
13 really diligent on that. In fact, when you're not, you know, the programs lose their political support.

14 I mean, that was my pitch. I care deeply about the services that one in five Minnesotans  
15 receive from the Department of Human Services, and about the program integrity concerns that will  
16 always be present in any massive agency. And, so -- yeah.

17 Q Just to make sure we understand, part of the central -- your central pitch to the  
18 Governor and his team was fraud prevention strategies as part of your vision for DHS?

19 A Running programs to the best of our ability incorporates program integrity as an integral  
20 piece, and that would have been part of my pitch, yes.

21 Q What expectations did the Governor's office communicate regarding your role as DHS  
22 commissioner during those interviews?

23 A Working with the public trust, I mean, understanding the importance of the job; making  
24 sure that I had the knowledge and insights needed to run these programs to the best of our ability.

25 Q Was it communicated to you that you would have wide latitude to operate the

1 Department, or was it clear that you were working or serving at the pleasure of the Governor?

2 A During what timeframe?

3 Q During your tenure as the commissioner.

4 A During my tenure, you know, I -- there was a good deal of oversight that I had in my  
5 role.

6 Q Oversight of you?

7 A Yes.

8 Q Could you expand upon that, please?

9 A You know, as the largest agency in the State, how the agency is run is a matter of great  
10 concern to the administration. And I had a good deal of oversight.

11 Q Did that affect your ability to be the commissioner? Was this overbearing or anything?

12 A There were times when it was a bit more than -- than I felt it should be.

13 Q Could you expand upon that? Were they questioning decisions? Were you -- what was  
14 going on?

15 A Well, largely this would have been towards the end of my tenure as things were  
16 becoming challenging with the administration. And I mentioned earlier my two deputies announced  
17 jointly their decision to resign. That was a matter of great concern to the Walz administration.

18 Q Why was that?

19 A Well, it's not a good look for an agency.

20 Q Would your two deputy commissioners have a relationship with the Walz administration  
21 that you were aware of?

22 A They were certainly known to the Walz administration. They were key players in the  
23 administration of human services.

24 Q Is it true that your two deputy commissioners, Chuck Johnson and Claire Wilson,  
25 resigned unless you were to resign?

1 A No.

2 Q Maybe I can rephrase my question.

3 Public reporting has said that your two deputy commissioners, Chuck Johnson and Claire  
4 Wilson, tendered their resignation unless you were to resign. After you resigned, Johnson and  
5 Wilson came back to DHS.

6 Is that accurate?

7 Mr. Silverblatt. Which part of that question, the public reporting or the fact that they came  
8 back?

9 Mr. Furla. Both.

10 Mr. Lourey. They did come back. That is a matter of public record. The fact that they  
11 were -- their resignation was not contingent upon my leaving.

12 BY MR. FURLA:

13 Q Did you feel that they were undermining your leadership?

14 A At the end, yeah.

15 Q What were they doing?

16 A They resigned.

17 Q Were they doing anything else to undermine your leadership?

18 A I had not been aware of the circumstances that led to their joint announcement of  
19 resignation. It was -- it actually was a surprise to me.

20 Q Did you learn anything subsequent to you leaving the Department of Human Services as  
21 to their resignation and return?

22 A I did not. I grabbed my dog, jumped in my van, drove to Alaska. I did not -- I did not  
23 maintain contact with that political world, and that was very intentional on my part.

24 Q Why was that?

25 A Well, I told you how much I wanted that job. And I thought I was the right person for

1 that job. You know, this set of circumstances was very personally painful to me.

2 And when it became clear to me that I wasn't doing anyone any favors, I wasn't able to do my  
3 best work, I felt I needed to leave, which was a really difficult decision.

4 And I didn't want to be trying to direct things from remote. I -- you know, I wanted the best  
5 for that agency and for the entirety of the State of Minnesota. And my decision was mine, and it was  
6 a painful one, and I unplugged.

7 Q How did you first learn of the deputies' resignation, your deputy commissioners'  
8 resignation?

9 A I honestly don't recall.

10 Q Did you first find out about it as an official announcement, or did you hear that it was  
11 going to happen before anything was officially announced?

12 A I don't recall.

13 BY MS. WOLFE:

14 Q Did your deputy commissioners submit a resignation letter to you?

15 A I don't recall. In all honesty, this was -- this was 6 years ago and really hard on me.  
16 What transpired in a handful of days is a bit of a blur.

17 Q I know you mentioned earlier that you worked very hard to get that job, and you  
18 mentioned earlier that -- were there any other finalists for the role that you're aware of?

19 A I mentioned that Jodi Harpstead was a finalist. I am aware that Claire Wilson was also a  
20 finalist, Deputy Commissioner Claire Wilson.

21 Q Were you aware of any sort of them being upset that you were picked over them for the  
22 role of Department of Human Services commissioner and whether that led to potential undermining  
23 of your leadership?

24 A I honestly was not aware of that.

25 Q You were not aware at that time or you were not aware at all?

1           A     I mean, certainly, I became aware that they had some concerns when they jointly  
2 announced their decision to resign, but leading up to that, I was -- I was not aware of concerns. And I  
3 was familiar with both of these individuals for many, many, many years in my role as -- as Senator,  
4 and thought our relationship was really sound.

5           Q     When did you find out that your relationship was not as sound as you thought?

6           A     When they announced jointly a decision to resign.

7           Q     Did you feel that Jodi Harpstead, separately from your deputy commissioners, tried to  
8 undermine your leadership leading up to your departure from DHS?

9           A     I did not.

10          Q     Have you ever subsequently learned of any attempts by Jodi Harpstead to undermine  
11 your leadership?

12          A     No.

13          Q     Did you feel like you had clear backing from the Governor's office when addressing  
14 leadership or internal issues?

15          A     Sometimes yes, sometimes no.

16          Q     Can you give me an example of the times where you did not have backing?

17          A     Well, the most clear example was when my two deputies announced their decision to  
18 resign. That was, you know -- that was not well-received at the -- with the administration.

19          Q     What did the administration say to you? Did they ask you to fix this problem? Did they  
20 ask you to resign?

21          A     They did not ask me to resign.

22          Q     What did the administration say to you when they disagreed with -- or let me rephrase  
23 that -- did not back you in the resignation of the deputies?

24          A     I don't recall the exact things that were said, but, again, that is, you know, that's not a  
25 good look for an agency. That's not a good look for the commissioner. And the administration was

1 rightfully upset about that.

2 Q While they may not have asked you to resign, after your communication or interaction  
3 with the Governor's office at that time, did you feel like you needed to resign?

4 A I felt I was not able to do my best work. I felt I wasn't going to have the support I  
5 needed to do my best work going forward, and it was in the best interest of the administration, the  
6 State, and myself, to leave at that point.

7 And I continue to think that was, while a really difficult decision, the right decision in  
8 that -- within that time and space.

9 Q Why did you feel like you -- did you feel like this was a reprimand of some sort? Why  
10 did you feel like you were not able to continue doing the job as DHS commissioner?

11 A Was -- is there a reprimand due to a commissioner when both of their deputies resign  
12 concurrently? Yes, I was reprimanded and realized I did not have that working relationship with the  
13 administration that I needed to be able to do my best work. You know, and if I can't do my best  
14 work, that's not good enough for an agency as important as the Department of Human Services. It  
15 was a -- it was a tough decision. It was a tough time.

16 Q So, Mr. Lourey, there have been public reports containing your resignation letter to  
17 Governor Walz as the DHS commissioner.

18 You said, "It has long been my belief that our social safety net is a key component that makes  
19 Minnesota one of the best places in the world to live. It is because of this belief that I today tender  
20 my resignation effective July 15, 2019. I believe that a new leader is necessary to best execute your  
21 vision for human services and continue the critical work of improving the health of Minnesotans  
22 across the State."

23 Why were you not the right fit to execute Governor Walz's vision for human services?

24 A The key word to focus on is "execution." In order to be able to fully execute the  
25 administration's priorities, you need -- you need that working relationship with the Governor's key

1 advisers and the Governor himself.

2 And it was clear to me I was no longer the best person to be there to execute the  
3 administration's priorities.

4 Q From what you're saying, it sounds like the deputy commissioners -- I mean, did they  
5 refuse to work with you at this point? I mean, is that a correct assessment here?

6 A Well, I mean, a resignation is a refusal to work with me. I mean, you could take that  
7 from it.

8 Q What caused this disagreement then?

9 Mr. Silverblatt. It feels like we're going around in circles here. I think we've asked this about  
10 five or six times.

11 Mr. Lourey. And in all honesty, I don't know. It wasn't about fraud, to the best of my  
12 knowledge.

13 BY MR. FURLA:

14 Q Would the source of your disagreement with your deputy commissioners have anything  
15 to do with you being pressured into doing something you did not believe was in the best vision for  
16 DHS?

17 A Not to the best of my knowledge. Maybe I'll be a little bit more specific. I was never  
18 pressured to do anything and wouldn't be pressured to do anything that I didn't believe was in the  
19 best interests of the people of Minnesota.

20 That wasn't -- that wasn't part of it. It was fairly pedestrian, inability to work together. But I  
21 don't really -- I don't really know what was behind it.

22 Q When you say a vision, "your vision for human services," how did your vision differ from  
23 the administration's?

24 A Again, those are the wrong words to focus on. I wasn't the right person to execute your  
25 vision. That doesn't mean that we had different visions. It means I wasn't the right person to

1 execute the visions.

2 Q Mr. Lourey, the reason why we're asking this is because from everyone who we've  
3 spoken to, you were universally liked by your peers at DHS.

4 And that's what we're trying to figure out here, you know, because it sounds like from public  
5 reporting that we've, you know, read, it sounds like you had two deputy commissioners who were  
6 close with the Walz administration, and you had a disagreement with them, and then you were  
7 pushed out because of that.

8 Is that accurate?

9 A Is there a question there?

10 Q Yes.

11 Ms. Ganapathy. Could you repeat the question?

12 Mr. Furla. Yes.

13 BY MR. FURLA:

14 Q Is that accurate? I mean, did you have some sort of disagreement with two  
15 administrators who were close with the Walz administration and then, because of that disagreement,  
16 did you feel like you were pushed out?

17 A I was not pushed out. I was going to, you know -- I was going to be micromanaged in a  
18 way that wasn't going to allow me to do my best work, you know, if I was to stick around, and that  
19 wasn't something I was willing to subject myself to. Again, I -- it was time for me to go.

20 BY MS. WOLFE:

21 Q Can you provide an example of a way that you were micromanaged that you weren't  
22 comfortable with?

23 A I wasn't micro -- I was going to be micromanaged. The decisions about who would fill  
24 key roles weren't going to be mine. There was going to be a significantly stepped-up set of meetings.

25 I wasn't -- it was clear to me I wasn't the right person to be executing the Governor's vision. It

1 wasn't about a difference in vision. It was that I was no longer the right person for this job in this  
2 time and space, a difficult decision for me, because -- because I cared deeply.

3 BY MR. FURLA:

4 Q Thank you, Mr. Lourey.

5 Are you familiar with a document colloquially, potentially within DHS known as the audit  
6 tracker?

7 A No.

8 Q To be more specific, this is a spreadsheet that contains all the active audits going on  
9 within DHS regarding Federal programs as well as, potentially, matters that are under consideration  
10 from the OLA.

11 Do you have any familiarity with a document known as this?

12 A I don't recall one document where that was all compiled.

13 Q But do you know of other documents that information would have existed within DHS?

14 A I'm -- no, I don't have specific knowledge of specific documents. That said, I mean, you  
15 know, audit trails certainly were kept.

16 Q Were you aware of any -- did you observe or were you aware of any reports of DHS staff  
17 manipulating documents for audits containing grant oversight information or any other  
18 program-related information?

19 A I was not.

20 Q Were you aware of any sort of falsification of grant documents by anyone at DHS?

21 A I was not.

22 Q If you would have become aware of those --

23 A I would have taken immediate action. That is not -- I would have taken immediate  
24 action and decisive action and done my best to restore anything that was lost or destroyed.

25 BY MR. FALCONE:

1 Q Would that action have included a termination of that employee?

2 A That action would have included discipline up to and including dismissal, you know,  
3 through -- you have to work through civil service protections and understand the context and the  
4 nature of the infraction to make sure that it was demonstrable and provable.

5 I mean, we have a set of protections for civil service employees. We would work through  
6 that. But it would be taken very, very seriously by me.

7 Q And if an employee were to be found doing this multiple times, would the discipline  
8 change in any nature?

9 A Absolutely. A second occurrence of something as clearly beyond the bounds as  
10 falsifying records would have been subject to increasing discipline.

11 BY MR. FURLA:

12 Q Are you aware of anyone ever falsifying data for contracts at DHS?

13 A I am not aware.

14 Q Are you familiar with the 16A/C reporting policy at DHS?

15 A 16A/C does not ring a bell for me.

16 Q It's the general process for the policies and procedures that State employees must  
17 follow when they believe that a violation has occurred with oversight of State contracts or grants.

18 A Okay.

19 Q Are you aware of anyone knowingly or unknowingly violating this policy during your  
20 time as commissioner of DHS?

21 A I am not aware of an instance of that.

22 Q We've had numerous reports from whistleblowers who are DHS employees about DHS  
23 leadership retaliating against them for bringing up concerns about fraud as early as 2018.

24 Some retaliatory practices include demotions, locked access to employee personnel files,  
25 threats of termination for cause that would result in loss of the employee's pension and surveillance

1 of employees.

2 The whistleblowers report that the retaliatory practices were carried out by officials at DHS in  
3 management and higher roles, including those who served as deputy commissioner and  
4 commissioner after your term.

5 Are you aware of any sort of retaliation against or intimidation of DHS employees in any  
6 situation during your time as a legislator, the DHS commissioner, or after your time you left DHS?

7 A That's three periods. In my tenure as legislator, I believe I heard allegations. I couldn't  
8 speak to the specifics.

9 During my time as commissioner, I don't recall specific instances. And during, you know, the  
10 period after my tenure, I can't speak to.

1 [2:03 p.m.]

2 BY MR. FURLA:

3 Q During your tenure, you say, you don't remember specific instances. Do you remember  
4 hearing anything about any sort of retaliation against DHS employees?

5 A I don't recall any specific instances.

6 Q And after your tenure, did you see any reporting in the news about retaliation against  
7 DHS employees?

8 A I have seen some references recently to allegations of retaliation.

9 Q Based on your experience as the DHS commissioner and your time as a legislator prior to  
10 your tenure and your knowledge of the culture at DHS, are those claims plausible?

11 A "Plausible," in its very nature, calls for speculation.

12 Q Yes. I'm asking you to speculate based --

13 A And I'm not --

14 Q -- on your knowledge.

15 A -- going to speculate.

16 Q Do you know of anyone in DHS whose job title or duties were changed as a result of  
17 reporting fraud?

18 A I do not know.

19 Q Did you ever refrain from disciplining senior leaders because you thought the action was  
20 unfair, retaliatory, or politically motivated?

21 A Say it again.

22 Q Did you ever refrain from disciplining senior leaders at DHS because you thought the  
23 action may have been unfair, retaliatory, or politically motivated?

24 Mr. Silverblatt. What action.

25 Mr. Furla. Just whatever the underlying action that would've resulted in that sort of discipline

1 would've merited.

2 Mr. Lourey. I'm still not clear on what your question is.

3 BY MR. FURLA:

4 Q I can ask it again. Did you ever not discipline senior leadership at DHS because you were  
5 concerned that doing so would have been unfair, retaliatory, or was caused by political motivations?

6 A What "was caused by political" -- I mean, the answer is no. I'm -- I didn't withhold any  
7 disciplinary action based on any of those concerns.

8 Q Were you ever advised explicitly or implicitly that disciplining certain leaders at DHS  
9 would create a political or institutional fallout?

10 A I don't recall any instances of that.

11 Q Did you ever experience pressure to manage optics around DHS rather than address  
12 substantive performance or compliance issues?

13 A No. No. My focus was substantive.

14 Q In your view at DHS, did accountability apply to the senior leadership or only those  
15 below them?

16 A Accountability applies to absolutely everyone.

17 Q Do you know if DHS ever hired private investigators to investigate employees?

18 A I'm not aware of any instances.

19 Q Are you aware of DHS hiring outside law firms to investigate employees?

20 A I'm not aware of any.

21 Q Did you ever interact with Hylden Advocacy and Law during your tenure as DHS  
22 commissioner?

23 A I know the principal at that firm. I don't recall interacting with them as commissioner.

24 Q Did you ever interact with the Wiley Reber Law firm during your tenure as DHS  
25 commissioner?

1 A I'm not familiar with that firm.

2 Q Did you ever interact with Ratwik, Roszak & Maloney during your tenure at DHS  
3 commissioner?

4 A I am not familiar with that law firm either -- I mean, assuming it's a law firm.

5 Q The majority moves to enter exhibit 1 into the record, and we'll let this be passed out.

6 [Lourey Exhibit No. 1  
7 was marked for identification.]

8 BY MR. FURLA:

9 Q This is a report released by the Office of the Legislative Auditor in March of 2019 while  
10 you were still in office as the DHS commissioner.

11 The report assessed allegations of widespread fraud, approximately \$100 million in the State's  
12 Child Care Assistance Program, including an ongoing concern that CCAP dollars were ending up in the  
13 pockets of terrorist groups abroad.

14 Among other findings, this report raised concerns about the DHS inspector general's  
15 independence from DHS management. The report highlights that this fraud occurred through  
16 large-scale over-billing.

17 Mr. Lourey, are you familiar with this report?

18 A I am -- I recall this report.

19 Q And this report was released during your tenure in office. Did you have any discussions  
20 with Governor Walz or his staff about ongoing childcare-related fraud after this report was released?

21 A Well, again, the recommendations in this report formed a good bit of the conversation  
22 around the budget bill we were negotiating. And the recommendations, to the best of our ability and  
23 to the satisfaction of the legislature, were incorporated into the budget bill.

24 Ms. Wolfe. Before this report was published, did you have the opportunity to provide  
25 comments.

1 Mr. Lourey. Yes.

2 Ms. Wolfe. Okay. Thank you.

3 BY MR. FURLA:

4 Q Did you have any discussions with the Attorney General or his office about ongoing Child  
5 Care Assistance Program fraud after this report was released?

6 A Not to the best of my recollection.

7 Q Did anyone in the Walz administration ever tell you or anyone at DHS to oversee,  
8 impede, or make changes to the inspector general's work or investigations into waste, fraud, and  
9 abuse?

10 Mr. Silverblatt. Those are very different things. "Oversee" and "impede" are just completely  
11 opposite.

12 Mr. Furla. Sorry. Then I believe I must have misspoken.

13 Mr. Silverblatt. Okay.

14 BY MR. FURLA:

15 Q I am referring to reports within the inspector general's report raising concerns about  
16 DHS inspector general's independence from the management of DHS. I apologize. I misspoke. Let  
17 me ask my question again.

18 A Okay.

19 Q Sorry.

20 Did anyone in the Walz administration ever tell you or anyone at DHS to impede or make  
21 changes to the inspector general's work or investigations into waste, fraud, and abuse?

22 A There was a great deal of concern about the Office of the Inspector General and their  
23 performance of their duties. This was a holdover from the previous administration, one that was  
24 identified as in need of -- with the wrong person for that job.

25 Q And I know, Mr. Lourey, we spoke about this a little bit earlier, and just for the record,

1 was that inspector general Carolyn Ham?

2 A Yes.

3 Q And I know we talked about compliance -- or, competence concerns you had about Ms.  
4 Ham's work. Were you aware of any concerns about independence from DHS leadership with her  
5 work as the inspector general?

6 A That wasn't a piece in my recollection.

7 Q Do you disagree with the Office of the Legislative Auditor's conclusion that there were  
8 concerns about the independence of the inspector general?

9 A I don't have the recollection and context today, 6 years later, to answer that question.

10 Q Are you aware of anyone at DHS ever intervening, preventing, or making changes to the  
11 inspector general's work or investigations into waste, fraud, or abuse?

12 A I don't recall instances of people at DHS impeding the work of the inspector general.

13 Q In your response letter to then-Legislative Auditor Jim Nobles dated March 12th, 2019,  
14 which is on the 31st page -- it's not marked as page 31, but it is on the 31st page of this document --

15 A I have it.

16 Q -- you stated that DHS's CCAP Investigations Unit needed to improve its use of data  
17 analytics.

18 Specifically, you said, "One of the key findings of our external consultant is the need to  
19 improve the use of data analytics by the Department's CCAP Investigations Unit. Such improvements  
20 will allow us to be more proactive in investigating fraud and monitoring and communicating trends,  
21 and to ensure consistency in how decisions are made. This would also provide greater assurance to  
22 state officials and the public that Department investigations of child care programs are based on valid  
23 and objective data, limiting the influence of any implicit bias in decisions."

24 Did I read that correctly?

25 A I mean, I'm assuming so. This is -- there's a lot of --

1 Q It's on the second page of --

2 A It's on the second page?

3 Q Second page, that first paragraph after the bullet point.

4 A And -- okay. And what's your -- can I take a minute and read it?

5 Q Of course.

6 Mr. Silverblatt. Take all the time you need.

7 Mr. Furla. Yeah, we'll pause. Take all the time you need.

8 Mr. Lourey. Okay.

9 BY MR. FURLA:

10 Q Did I read that correctly?

11 Ms. Ganapathy. Can you repeat the part that you read? I don't know if it's --

12 Mr. Silverblatt. He just read the --

13 Ms. Ganapathy. -- the second paragraph or the last. Okay.

14 Mr. Silverblatt. I mean, we'll stipulate that it says what it says if there's a question about it.

15 Mr. Furla. Restart the clock.

16 But, yes, I was referring to the second paragraph on that -- yes, on that second page, that first  
17 paragraph after the bullet point.

18 Mr. Lourey. Oh.

19 Ms. Ganapathy. Yeah, at the top.

20 Mr. Furla. At the very top.

21 Mr. Lourey. At the top.

22 Ms. Ganapathy. I was reading the one at the bottom too.

23 Mr. Lourey. I read the one at the bottom. Pause. I --

24 Mr. Silverblatt. Right here.

25 Mr. Lourey. I see.

1           Okay.

2           Ms. Ganapathy. We can go back on.

3                       BY MR. FURLA:

4           Q     So, for the record, we are referring to the first paragraph after the bullet point on the  
5 second page.

6           Mr. Lourey, you implied that DHS investigations into childcare programs were influenced by  
7 implicit bias. Will you please explain what you mean by "implicit bias"?

8           A     I don't recall the context and exactly what we were responding to here, but implicit bias  
9 is something that can get in the way of proper investigations. But I'd have to read the set of  
10 recommendations, getting more context. This is 6 years later.

11          Q     But you did write this letter, though?

12          A     I did. It's -- that's my -- that's my name at the bottom.

13          Q     What is your understanding of what "implicit bias" means?

14          A     Implicit bias is biases -- is a bias that is embedded within the purview of an individual's  
15 lived experience that influences their decision-making or their perspective.

16          Q     Why did you believe implicit bias influenced investigations into the Child Care Assistance  
17 Program or any other DHS program, for that matter, fraud irregularity?

18          A     I don't think this said that it did. I think that it said that we needed to make sure that it  
19 didn't.

20          Q     Did you believe that implicit bias influenced investigations into any sort of program that  
21 DHS administered?

22          A     I believe there were allegations that that might be occurring, and I would've been  
23 responding to allegations and making sure that improper perspectives weren't used in inspections  
24 and in program integrity initiatives.

25          Q     Did you assess those allegations? And, if so, did you reach a conclusion?

1 A I didn't have a conclusion as to whether those -- whether implicit bias played a role or  
2 not.

3 Q In your experience as DHS commissioner, what would implicit bias look like in this  
4 context?

5 A Well, implicit bias is something that each and every one of us has embedded in us. It  
6 comes from our lived experience. And those aren't -- they don't inform articulable facts; they don't  
7 inform a proper investigatory approach to ensuring program integrity.

8 And so, making sure that we had protections against implicit bias is an important piece of  
9 having adequate program integrity.

10 Q Did you have any evidence to believe that DHS investigators were conducting their  
11 investigations in a discriminatory manner?

12 A I did not have, to the best of my recollection, evidence of such. I had allegations of  
13 such.

14 Q What were those allegations?

15 A I don't recall with specificity.

16 Q Mr. Lourey, there is a reporting about a meeting, which was recorded, between  
17 Minnesota Attorney General Keith Ellison and the representatives of Feeding Our Future, which took  
18 place on December 11th, 2021.

19 Are you aware of the existence of this recording?

20 A I have heard tell of it. I haven't seen it, but I've heard tell of it.

21 Q Are you aware that your name is mentioned in the recording?

22 A That I was not aware of.

23 Q In this recording, Feeding Our Future representatives complained to Attorney General  
24 Ellison that Somali daycare centers were being targeted by the CCAP Investigative Unit within the OIG  
25 because the investigators were racist.

1           They told Attorney General Ellison that they met with you and told them that you see the  
2 problem and you characterized the investigators as "loose cannons" and you could see they were  
3 racist.

4           Do you recall having this meeting with Feeding Our Future representatives or the existence of  
5 this meeting ever happening?

6           A     I do not. I don't -- I mean, DHS didn't even administer the program that Feeding Our  
7 Future took advantage of. That wasn't our program. That was the Department of Education.

8           And I don't -- I don't even know that -- I don't think Feeding Our Future was an entity during  
9 my -- I mean, maybe they were. I don't know. They weren't on my radar.

10          Q     Yes, sir, you are right that Feeding Our Future did work with the Department of  
11 Education, but the CCAP program also was involved with Department of Human Services, correct?

12          A     The Department of Human Services oversees the Child Care Assistance Program, yes.

13                   BY MR. FALCONE:

14          Q     And, sorry, just to clarify, these are individuals who were associated with Feeding Our  
15 Future who were also involved in other entities, so -- there's greater public understanding and  
16 association with Feeding Our Future, which is why we said "Feeding Our Future," if that clarifies it for  
17 you.

18          Do you recall any such meetings with Somalian individuals who brought up complaints about  
19 the CCAP Investigative Unit within the OIG?

20          A     I don't recall specific meetings, though, as I said before, I was aware of allegations.  
21 Exactly how I became aware, I can't -- I can't recall.

22          Q     Did you find these allegations to have any merit?

23          A     Enough merit to make sure that targets weren't targeted because of implicit bias. I  
24 mean, we need to embed that in there. Now, that certainly wouldn't preclude investigating and  
25 making site visits and doing all we could to ensure program integrity.

1 Q So these quotes that they attribute to you, that you characterized these investigators as  
2 "loose cannons" and you could see they were racist, that seems to go beyond just a concern about  
3 some potential implicit bias that you may want to check on. It seems like more of an affirmative  
4 assessment of the motivations of those individuals.

5 Is what they're saying -- does that hold any truth?

6 Ms. Ganapathy. So you characterized what they said, but do you have a transcript that you  
7 could read.

8 Mr. Furla. Yes.

9 The majority moves to enter exhibit 2 into the record as a transcript of the recording from the  
10 Keith Ellison meeting, Feeding Our Future, December 11th, 2021.

11 [Lourey Exhibit No. 2  
12 was marked for identification.]

13 Ms. Wolfe. We'll give you a few moments to review the document.

14 Mr. Lourey. Can you point us to where --

15 Mr. Falcone. Yes. It's quite an extensive transcript.

16 Mr. Lourey. Yeah.

17 Mr. Falcone. You can find it on -- where your name is mentioned is on the bottom of page 18.

18 Mr. Lourey. It's highlighted for me. I want to read the right part.

19 Ms. Wolfe. We'll give you a couple moments to review the document.

20 Mr. Lourey. Keep reading? Or is this --

21 Mr. Silverblatt. Give us a moment, please.

22 Mr. Lourey. Of course.

23 This isn't the quote you read earlier.

24 Ms. Ganapathy. Earlier they characterized it. This is the actual quote.

25 Mr. Lourey. Oh, okay.

1 Mr. Falcone. Yes.

2 Mr. Lourey. Okay.

3 Mr. Silverblatt. I just need a minute, please.

4 Mr. Lourey. Uh-huh.

5 Mr. Silverblatt. Are you ready?

6 Mr. Lourey. Sure.

7 Mr. Silverblatt. We can go back on the record.

8 BY MR. FALCONE:

9 Q So, now that you've read the quote that it attributed to you --

10 Mr. Silverblatt. To somebody named Tony.

11 BY MR. FALCONE:

12 Q To clarify, if you read the transcript, they are trying to discern who was the  
13 commissioner of DHS before Jodi, which is referring to Jodi Harpstead, and that would've been you.

14 A I can stipulate to the appearance that this is about me.

15 Q So this quote that is attributed to you, do you have any recollection of saying such a  
16 thing?

17 A I -- I -- I don't. I don't believe I ever said I can see that these individuals are racist. I think  
18 this is likely a mischaracterization of a meeting that I can't even confirm occurred.

19 I don't know who "Man C" is. Who is "Man C"? Do we know?

20 Q It's one of the individuals who was in this meeting. He's not been identified through the  
21 recording, but he was part of a Somalian business association.

22 A Okay. I mean, this doesn't sound like me.

23 Q And whistleblowers have told us that when they had raised concerns about fraud being  
24 committed by Somali service providers within the CCAP program, they were accused by individuals at  
25 DHS as being racist and were subsequently subject to investigation and that the employers who

1 retaliated against them were rewarded.

2 Did you observe any such behavior as commissioner?

3 A Repeat the behavior you're asking about.

4 Q Yes. Whistleblowers have told us that they had raised concerns about fraud in the CCAP  
5 program being committed by Somali service providers and they were subsequently accused of being  
6 racist and were subject to investigations. And they also told us that the employees who raised these  
7 accusations were rewarded.

8 Did you observe that as commissioner?

9 A The employees that raised the accusations were rewarded?

10 Q Yes.

11 A I don't recall --

12 Mr. Silverblatt. Who was rewarded.

13 Mr. Falcone. Individuals within the Department of Human Services who raised accusations  
14 against CCAP investigators.

15 Mr. Silverblatt. Were rewarded.

16 Mr. Lourey. Oh, oh, oh, oh --

17 Mr. Falcone. Were rewarded in terms of a promotion or some sort of employment  
18 opportunity.

19 Mr. Lourey. I am not aware of that occurrence during my tenure.

20 Mr. Silverblatt. And, sorry, just to clarify, are you representing that these are comments  
21 made in interviews to Oversight staff? You keep saying "telling us."

22 Mr. Falcone. Yes, that is what I'm referencing.

23 Mr. Silverblatt. Okay.

24 Mr. Falcone. Yes.

25 Ms. Wolfe. We're at our hour. We'll go off the record.

1 [Recess.]

2 [REDACTED]. We can go back on the record. It's 2:40.

3 BY [REDACTED]:

4 Q So I just have a few more questions.

5 I wanted to return to majority exhibit 2, which is the transcript of the alleged meeting on  
6 December 11th, 2021. I wanted to go -- well, first of all, you hadn't seen this transcript before today,  
7 correct?

8 A I had not, no.

9 Q Okay. And you didn't -- you did not know that this meeting allegedly occurred?

10 A I heard press reports of this meeting having occurred.

11 Q But, before that, you didn't --

12 A No. Before that, I had no --

13 Q And you weren't present in this meeting?

14 A No.

15 Q So, on page 18 now, do you know who "Man C" is?

16 A I do not know who "Man C" is.

17 Q And is it fair to say that the quotes attributed to you were not made directly by you, to  
18 your knowledge, but this is a summary that "Man C" is providing of an alleged conversation between  
19 you two?

20 A That is how I read this, as an alleged conversation. I can't even confirm that the  
21 conversation occurred. This -- I said in the earlier round of questioning, this does not sound like me.

22 Q I want to shift gears a little bit.

23 We understand that the circumstances surrounding your eventual resignation from DHS were  
24 difficult, and it sounds like you took your job very seriously.

25 Just to clarify, did your resignation have anything to do with fraud in Minnesota?

1 A My resignation had nothing to do with fraud.

2 Q And, to clarify, it had nothing to do with the Walz administration's handling or  
3 management of fraud within Minnesota, correct?

4 A That is correct.

5 [REDACTED]:

6 Q Mr. Lourey, you mentioned earlier, just to revisit this, that two deputies under you  
7 resigned. Is that right?

8 A Yes.

9 Q Is it your understanding that they resigned because of fraud in Minnesota?

10 A They -- it is not my understanding that fraud was behind their rationale for their  
11 recognition.

12 Q And, as my colleague mentioned, but just to revisit this, you did not resign, yourself,  
13 because of any handling of fraud in Minnesota. Is that right?

14 A No. That is correct, yes.

15 Q Or any mishandling of fraud by the Walz administration?

16 A Right. Fraud wasn't really a factor. We all took it very seriously.

17 Q Right.

18 And, as my colleague mentioned, you lobbied heavily for this job. Is that right?

19 A For what?

20 Q For the commissioner job?

21 A Yes, I did.

22 Q And is that because you believed in the department?

23 A I believed in the mission of the department very deeply, yes.

24 Q And you wanted to enforce any fraud programs that the department had going on. Is  
25 that right?

1 A Absolutely.

2 Q So to assume -- if someone were to assume that you resigned because of allegations  
3 related to fraud in Minnesota programs, that's not correct?

4 A That is not correct.

5 Q And just to revisit this exhibit, which is exhibit 2 that the majority entered, again, to  
6 follow up on my colleague's questions, it appears here we have 24 pages of a transcript. This was not  
7 provided to you beforehand?

8 A No.

9 Q And they pointed to a single sentence in this document. Again, you had never seen this  
10 document before.

11 A Never seen it.

12 Q And you don't know who these individuals are?

13 A Don't know who these individuals are. I know Keith Ellison.

14 Q Assuming Keith Ellison said this. But you have no reason to -- you had no prior  
15 knowledge of this transcript. Is that right?

16 A I didn't know there was a transcript. I had read -- I had seen press reports that this  
17 meeting occurred.

18 Q But this document right here you had not seen before?

19 A This document I had never seen. I wasn't aware of its existence.

20 Q And there's no court reporter listed on this document, right?

21 A I looked at page 18. I don't --

22 Q There's no indication who transcribed this, correct?

23 A That is -- I mean, I don't know. I see none, but I only looked at page 18.

24 Q And, simply put, you just don't know --

25 A I don't know --

1 Q -- where this document is coming from?

2 A No.

3 Q Thank you.

4 [REDACTED]. We'll go off the record.

5 [Recess.]

6 Ms. Wolfe. We'll go on the record. It's 2:47.

7 BY MR. FURLA:

8 Q Mr. Lourey, are you familiar with the Housing Stabilization Services Program?

9 A A little bit.

10 Q Were you involved in implementing this program or operating this program when you  
11 were commissioner at DHS?

12 A The program did not exist while I was commissioner.

13 Q Were you aware of any sort of fraud related to this program or concerns of program  
14 integrity?

15 A The program did not exist during my tenure as commissioner, so --

16 Q Are you familiar with the Early Intensive Developmental and Behavioral Intervention  
17 Program?

18 A I am familiar with that program.

19 Q Did you oversee that program as DHS commissioner?

20 A That was a program within our agency.

21 Q Were you aware of any reports of fraud or program integrity concerns related to that  
22 program during your tenure as commissioner?

23 A That program, to the best of my recollection, was not one that was a prime concern  
24 about program integrity.

25 Q Did you have any concerns about that program, though? Related to program integrity,

1 to be specific.

2 A I don't recall having concerns.

3 Q Did anybody bring concerns to you about that program related to program integrity?

4 A I don't recall concerns being raised about -- you know, significant concerns being raised  
5 about program integrity within that program.

6 Mr. Falcone. If there was a massive spike in reimbursements from one year to the next in any  
7 of these programs, would that have raised any concerns about program integrity.

8 Mr. Lourey. Absent a rationale. I mean, if we make changes that were expected to have a  
9 massive increase, then, you know, I mean, we would -- I would be wanting to look at that, too, and  
10 make sure that part of the increase wasn't program integrity.

11 But, in general, if there wasn't changes and there was a massive increase, I would want to  
12 look into it and make sure that there weren't -- there wasn't fraud behind the increase.

13 Mr. Falcone. Okay.

14 BY MR. FURLA:

15 Q Mr. Lourey, I know we've talked a lot today, but is there anything else that you think  
16 that we need to know throughout the course of this investigation that we've not discussed with you  
17 today?

18 A Not really. I mean, I've got to say, I was a little bit confused at my request to be here. I  
19 mean, it was -- I was there 6 months, 6 years ago. I kind of get it.

20 But I think you covered things pretty thoroughly, and I don't have a great deal of additional  
21 insight to offer to help you in your oversight role, which I understand and respect.

22 Q Thank you, sir.

23 As a committee, we have a legislative obligation to investigate waste, fraud, and abuse in the  
24 Federal programs. What are your recommendations for the Federal Government as they assess  
25 solutions to prevent waste, fraud, and abuse in Federal programs moving forward?

1           A     You know, I think States probably could use more assistance from the feds in terms of  
2 the specific fraud-prevention efforts that are most effective, could probably use some of the Federal  
3 Government's broad reach and understanding about how fraudsters adjust their schemes that they  
4 see from overseeing, you know, the entire Nation's programs.

5           You know, fraud is not unique to Minnesota. Fraud is not going to go away. There will always  
6 be people trying to take advantage -- people and entities trying to take advantage of public  
7 programs. And greater assistance from the feds, I think, would be welcomed by the States, in terms  
8 of making sure that States are aware of new ways that fraudsters change up their approach.

9           They're crafty and criminal and belong behind bars. They do a real disservice to our people  
10 and our country.

11           I wish we could get to a place where this was more of a collaborative effort than -- and here  
12 I'm speculating again, which I don't like doing. But, from, you know, my observations, it's not as  
13 collaborative as it could be to be as effective as it could be in combating fraud.

14           I hope that makes some sense and is a little bit helpful. I really hope we can turn the page on  
15 some of this and really punish the fraudsters, while understanding the importance to our families of  
16 the services we're trying to provide. It pains me greatly to see where we are.

17                     BY MR. FALCONE:

18           Q     Thank you for that.

19           We, a while back, talked about self-attestation being an example of -- do you need a  
20 moment?

21           A     No, I'm good.

22           Q     We talked about self-attestation being an example of a vulnerability for fraudsters to  
23 commit fraud.

24           Can you think of any other areas where -- any other vulnerabilities that we can seek to  
25 improve to prevent fraud on the front end?

1           A    You know, reading some of the letter I wrote in response to the OLA and the CCAP  
2 program, you know, data-mining is actually a really effective tool. That piece did come from me. You  
3 know, you can see in the data where fraud is, frequently. I mean, that's not, certainly -- that's  
4 certainly not the only tool.

5           I think more on-site inspections than sometimes occur can also be a very effective tool. I, you  
6 know, wanted to get many more people on the street actually seeing, what is it we're buying with  
7 our public investment in the services we offer? And I think that's an important component too.

8           Q    Thank you.

9           Ms. Wolfe. We'll go off the record.

10          [Recess.]

11          [REDACTED]. We can go back on the record. It's 2:58.

12          BY [REDACTED]:

13          Q    I promise these will be very quick.

14          A    Okay.

15          Q    At any point in time, did Governor Walz direct you to ignore fraud within any programs  
16 administered by DHS?

17          A    Absolutely not.

18          Q    At any time, did Attorney General Ellison direct you to ignore fraud within any programs  
19 administered by DHS?

20          A    Absolutely not.

21          Q    Do you have any reason to believe that Governor Walz was aware of fraud within  
22 DHS-administered programs and chose to ignore it?

23          A    No.

24          Q    Do you have any reason to believe that Attorney General Ellison was aware of fraud  
25 pertaining to DHS-administered programs and chose to ignore it?

1 A No.

2 [REDACTED]. We'll go off the record.

3 Thank you.

4 Mr. Lourey. Thank you.

5 [Whereupon, at 2:59 p.m., the interview was concluded.]

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Certificate of Deponent/Interviewee

I have read the foregoing \_\_\_\_ pages, which contain the correct transcript of the answers made by me to the questions therein recorded.

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Witness Name

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Date