


Walz appointees failed to stop rampant Minnesota fraud

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As controversy mounts regarding fraud within Minnesota's social services, some people elevated to leadership positions under Gov. Tim Walz (D-MN) are facing renewed scrutiny.

Federal prosecutors have charged dozens of people, primarily from Minnesota's Somali community, with stealing hundreds of millions of dollars from state and federal taxpayers by abusing a host of government assistance programs. Programs administered by the state's Department of Human Services, specifically those intended to help people caring for autistic children or facing housing insecurity, were among the most abused.

Housing assistance fraud was so rampant that the Walz administration has begun shuttering the program associated with it in recent months. On the autism front, prosecutors say that members of the state's Somali community ran clinics that recruited children, falsely categorized them as autistic so they could reap state assistance funding, then paid kick-backs to parents.

GOP leadership questions if Walz is 'criminally complicit' in Minnesota fraud

"As staff, we firsthand witnessed and observed fraud happening, yet we were shut down, reassigned, and told to keep quiet," a social media account claiming to represent Minnesota state employees concerned with fraud wrote on Saturday. "Leadership did not want to appear to discriminate against certain communities and [was] unwilling to take action, such as stopping fraud, that would have an adverse impact on their image. To date, no single agency leader has been held responsible for their role in fraud, whether it's Shireen Gandhi, Jess Geil, Jodi Harpstead, Natasha Merz, Eric Grumdahl, or others."

Walz appointed Harpstead to head the Minnesota DHS in 2019. Prior to the appointment, Harpstead led the Lutheran Social Service of Minnesota, an organization that receives public funding to resettle Somalians in the state. Using her organization's nine-figure annual budget and thousands of staff members, Harpstead deposited Somalians in both large cities and smaller towns, helped them get jobs, and assisted them in acquiring housing.

In addition to its resettlement work, the Lutheran Social Service of Minnesota under Harpstead also provided community education resources intended to make Minnesotans more welcoming of Somalis. This included distributing a pamphlet titled "My Neighbor is a Muslim" to Lutheran churches across the state, encouraging native Minnesotans to attend Ramadan meals, and pushing community members to volunteer to assist Somalians.

"Listen, read, think, discuss — and don't leap to fear and hatred," she said. "There's so much information on social media and so many opinions, that for all of us to really think and read and learn and discuss is going to be important."

Harpstead resigned in January amid scrutiny for failing to address fraud within her agency's programs. In addition to problems with autism and housing assistance, Harpstead's tenure saw the agency fall victim to fraudulent Medicaid, addiction, and transportation schemes.

Walz selected Gandhi, who was previously the Minnesota DHS's deputy commissioner overseeing budgeting and financial operations, to replace Harpstead.

Gandhi, in a September interview, claimed that her team did not understand the complexity of the fraud being carried out in her agency's housing assistance program.

"The claims coming into us looked legitimate on the face," she said, "and you need to use data in new ways to uncover what may be fraudulent and then investigate that."

Records obtained by KARE 11, a local media outlet, however, show that the agency actively ignored reports of fraud from concerned citizens. In one case, Minnesota DHS authorities received a tip that a business collecting housing assistance funding from the state was going around offering cash to homeless people, allegedly so that it could falsely claim them as clients to receive more state funding. No action was taken to address this report.

"They had credible allegations of fraud and bribery," Republican state Rep. Kristin Robbins said. "It's a complete dereliction of duty."

Minnesota Staff Fraud Reporting Commentary, the social media account claiming to represent hundreds of state employees, has argued that Gandhi is not fit to head the Minnesota DHS, alleging that she has created an environment of

"distrust and demoralization." The account further alleges that Gandhi was responsible for oversight during much of the time when fraud was occurring in the DHS's programs.

"We cannot confirm whether the account on X (formerly Twitter) that you reference is run by any Minnesota Department of Human Services employees," the Minnesota DHS told the *Washington Examiner*. "Individuals may choose to share their personal opinions through social media or other platforms. Any perception that employees are being discouraged from raising issues, or that efforts are being made to identify those who speak up, is false and runs counter to our values and expectations. The Minnesota Department of Human Services has strong policies and procedures in place to protect employees who report concerns or potential misconduct, consistent with state and federal whistleblower protections. Retaliation of any kind is strictly prohibited."

Some employees have claimed to the press that they have faced internal pressure when attempting to raise concerns about fraud.

A spokesperson for the agency followed up by citing its prepayment reviews, clearing of inactive providers, investigations, and cooperation with law enforcement as evidence of its commitment to fighting fraud.

The *Washington Examiner* reached out to the person running the account purporting to represent Minnesota state employees in an attempt to confirm its legitimacy.

POLITICALLY CONNECTED SOMALI NONPROFIT GROUP PULLED IN TAXPAYER DOLLARS AFTER MISHANDLING MILLIONS

Geil, one of the people singled out by the social media account, is in charge of ensuring compliance within the agency. Merz and Grumdahl, meanwhile, have since left the agency and were responsible for heading disability and behavioral health services, respectively. Both were promoted during Walz's time in office.

"We let Tim Walz know of fraud early on, hoping for a partnership in stopping fraud, but no, we got the opposite response," the account alleged in a Saturday post. "Tim Walz systematically retaliated against whistleblowers using monitoring, threats, repression, and did his best to discredit fraud reports. Instead of partnership, we got the full weight of retaliation by Tim Walz, certain DFL members, and an indifferent mainstream media."

