


HHS Freezes Childcare Payments To Minnesota After Massive Fraud Alleged

 [dailycaller.com/2025/12/30/hhs-jim-oneill-freezes-childcare-payments-mn](https://www.dailycaller.com/2025/12/30/hhs-jim-oneill-freezes-childcare-payments-mn)

Mariane Angela

December 31, 2025

The Department of Health and Human Services (HHS) moved to freeze federal childcare payments to Minnesota on Tuesday, citing alleged and widespread fraud in the state's subsidy system.

Youtuber Nick Shirley [posted](#) video Friday showing several purported Somali-run daycare centers in Minnesota that appeared to have no children present at the time of his visits. Deputy HHS Secretary Jim O'Neill took to social media to [announce](#) the agency halted all childcare disbursements to Minnesota while federal officials scrutinize how taxpayer dollars have flowed to licensed providers.

"You have probably read the serious allegations that the state of Minnesota has funneled millions of taxpayer dollars to fraudulent daycares across Minnesota over the past decade," O'Neill wrote.

O'Neill outlined three immediate actions designed to clamp down on fraud nationwide, starting with tighter controls on federal payments. He said HHS activated a "defend the spend" system for all Administration for Children and Families payments, meaning states must now submit documentation before receiving funds.

The agency next targeted Minnesota directly after reviewing Shirley's work.

We have frozen all child care payments to the state of Minnesota.

You have probably read the serious allegations that the state of Minnesota has funneled millions of taxpayer dollars to fraudulent daycares across Minnesota over the past decade.

Today we have taken three actions... pic.twitter.com/VYbyf3WGop

— Deputy Secretary Jim O'Neill (@HHS_Jim) [December 30, 2025](#)

"Alex Adams and I have identified the individuals in @nickshirley's excellent work. I have demanded from @GovTimWalz a comprehensive audit of these centers. This includes attendance records, licenses, complaints, investigations, and

inspections,” O’Neill continued. [\(RELATED: Somali Migrants Stalked Nick Shirley As He Exposed Alleged Fraud Schemes On Camera\)](#)

HHS said it will widen public participation in uncovering abuse through a new fraud-reporting hotline and email portal. The department urged parents, providers and members of the public to submit tips as federal officials work to recover misused funds and prevent future losses.

Shirley’s 43-minute video shows him visiting multiple centers that reportedly received state funds but often appeared to have no children present. KSTP [reported](#) that the Quality “Lerning” Center racked up 95 violations cited by a Minnesota agency between 2019 and 2023.

Several state employees [claimed](#) that Democratic Minnesota Gov. Tim Walz is systematically retaliating against whistleblowers who flagged the schemes as federal prosecutors pursued multiple cases.

“Tim Walz is 100% responsible for massive fraud in Minnesota,” they wrote. “We let Tim Walz know of fraud early on, hoping for a partnership in stopping fraud but no, we got the opposite response.”

Walz later [said](#) on NBC News’ Meet the Press on Nov. 30 that Minnesota “attracts criminals.”

All content created by the Daily Caller News Foundation, an independent and nonpartisan newswire service, is available without charge to any legitimate news publisher that can provide a large audience. All republished articles must include our logo, our reporter’s byline and their DCNF affiliation. For any questions about our guidelines or partnering with us, please contact licensing@dailycallernewsfoundation.org.