

# Through the years: A decade of investigating fraud in Minnesota

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## Minnesota fraud now under focus

The U.S. House oversight committee is investigating Minnesota's handling of fraud after federal prosecutors highlighted the potential of up to \$9 billion stemming from programs throughout the state.

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## The Brief

- Since 2013, FOX 9 has been detailing and breaking stories of fraud in Minnesota, where millions of dollars were stolen from government programs.
- In 2015, the FOX 9 Investigators uncovered day care fraud, which led to charges and guilty pleas.
- In 2018, the FOX 9 Investigators spent more than five months looking into significant

fraud in a massive state-run program.

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**MINNEAPOLIS (FOX 9)** - While fraud in Minnesota has been gaining national attention recently, the investigations into these schemes by FOX 9 and others have been going on for more than a decade.

Dating back to 2013, there have been numerous FOX 9 Investigations into day care fraud, Medicaid fraud and other avenues of fraud in the state.

## **FOX 9 fraud investigations**

The backstory: In February 2013, FOX 9 Investigator Jeff Baillon detailed fraud in the day care industry. The focus of the story was Yasmin Ali, the owner of Deqo Family Centers. Ali also owned All Nations Home Health Care.

The FBI, Minnesota Bureau of Criminal Apprehension and the Ramsey County Attorney's Fraud Unit raided a day care to expose a scheme that was costing Minnesota taxpayers millions of dollars.

Ali recruited parents to work at the day care, while at the same time enrolling their own children. Ali was eventually charged with theft by swindle and racketeering.

A year after the FOX 9 investigation, Ali was arrested and charged with bilking the state out of about \$4 million. Ramsey County prosecutors feared Ali was a flight risk, so they requested her bail be set at \$1 million.

Ali spent a couple of months in jail before getting a judge to lower her bail to \$200,000. She claimed that was all she could afford, and had no plans of going

anywhere because she is the mother of six children. But, at the start of her trial this week, Ali was a no show. Ali never stood trial.

The FOX 9 Investigators also discovered that, in addition to all the funding for child care centers, Deqo was also getting public money to pay for kids' meals. The Minneapolis center received nearly \$90,000 for food in its first year of operation. The business that did the catering was run by Yasmin Ali's brothers.

Six years later, in 2019, the Deqo Family Centers fraud was [detailed in this report](#) from the State of Minnesota.

## **2015 day care fraud**

Dig deeper: In October 2015, FOX 9 detailed the fraud the Hennepin County Attorney's Office said involved [four metro day care centers](#) that stole more than \$1 million combined by billing for children that didn't exist. Officials stated that the owners made up names, submitted the names and were paid for having the children "in their care".

Investigators confirmed their suspicions by placing hidden cameras outside each day care center and counted how many children came and went. The count was often 30% less than the number of children they were billing the state for.

On one day, a center billed the state for 34 kids and not a single person showed up that day. Three of the four day care center owners were charged with theft by swindle and four people were arrested. Abdirizak Ahmed Gayre and Ibrahim Awgab Osman were both charged with over-billing the state of at least \$103,000 over a six-month period.

In November 2016, Gayre and Osman pleaded guilty to felony theft by swindle pursuant to a plea agreement. Under the agreement, the state dismissed the

charges against Gayre and Osman and agreed not to pursue further charges against any of the defendants.

The Court barred Gayre and Osman from working or having an ownership interest in any licensed child care provider in Minnesota for two years.

In May 2018, FOX 9 Investigators spent more than five months looking into significant fraud in a massive state-run program. The reporting was based on public records and nearly a dozen government sources who had direct knowledge of what was happening. Those sources estimated as much as \$100 million a year was being stolen by day care centers over-billing the state.

#### **Minneapolis daycare raided as part of massive fraud investigation**

Parents dropping off their kids at the Baraka Child Care Center in Minneapolis Wednesday were greeted by some unfamiliar faces: fraud investigators from the Minnesota Department of Human Services.

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In March 2019, Legislative Auditor Jim Nobles told lawmakers when it comes to the cost of day care fraud in Minnesota, that number couldn't be corroborated Nobles said, "We are trying to get to the number of \$100 million in fraud. And we couldn't get there. We couldn't find evidence to substantiate \$100 million in fraud every year, we couldn't find any reasonable estimate of fraud."

FOX 9 came to that number after speaking with the leader of the DHS fraud unit Jay Swanson.

Swanson extrapolated that \$100 million fraud figure based on 15 centers that over-billed for 12,667 children. Those 15 centers received more than \$56 million. There are more than 1,000 child care centers in the state program.

"We believe that there's a scope of fraud out there that we really need to get our arms around and ensure that those dollars are going to kids that really need them," Acting Commissioner for the Department of Human Services Chuck Johnson said in 2018.

Johnson told FOX 9 investigators at that time that his agency had 10 day cares currently under active investigation for fraud. FOX 9 learned dozens more are considered suspicious. Search warrants obtained by FOX 9 showed each one of the suspect centers had received several million dollars in childcare assistance funds.

### **Millions of dollars in suitcases fly out of MSP, but why?**

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Fozia Ali was one person profiled in FOX 9 reporting. Ali had taken a two-month trip from Minnesota to Dubai to Kenya, staying at times in \$800 a night hotel rooms. She used an app on her phone to bill the state of Minnesota for childcare services while she was out of the country.

Ali pled guilty to the day care fraud and was sentenced to two years in prison and paid \$1.5 million in restitution.

### **Warning to DHS**

Big picture view: During the course of the 2018 investigation into day care fraud, FOX 9 obtained emails showing the Department of Human Services (DHS) was warned that it had a massive day care fraud problem on its hands.

At the time when FOX 9 asked DHS about the whistleblower emails sent in 2011 and who was aware of these emails, FOX 9 was sent back this statement:

"The deputy commissioner, communications and legal staff learned there may be emails on this subject when FOX 9 made its data request in March. The then chief compliance officer was informed at the time the emails were originally sent. I would like to have an independent federal investigation of the handling of DHS programs, specifically day cares and the Medicaid fraud program by Homeland Security of the Department of Justice."

#### **Legislators tackle childcare fraud in committee**

Democrats and Republicans outlined their plans for childcare-related bills Thursday.

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In 2019, [the Walz Administration responded to these fraud cases](#) by adding \$5 million to the state budget for new investigators, analysts and a tracking system

## **Feeding Our Future fraud**

#### **Feeding Our Future verdict: Defendants found guilty**

The jury has reached a verdict in the trial of the suspected ringleader in the massive \$250 million Feeding Our Future fraud case in Minnesota.

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Dig deeper: In March 2022, FOX 9 reported on the fraud happening inside the Feeding Our Future program, which helped feed low-income children during the pandemic.

Minnesota Attorney General Keith Ellison confirmed for FOX 9 that there was an ongoing investigation into St. Anthony-based Feeding Our Future for potential violations of nonprofit and charities laws in the wake of an FBI probe last month.

Ellison's office alleges that Feeding our Future's officers and directors had, "failed to properly administer and use assets for charitable purposes; failed to comply with statutory requirements for nonprofit corporations; made false and/or deceptive representations in connection with the solicitation of donations; and breached fiduciary duties."



FOX 9 continues its early investigation work into Feeding Our Future detailing the fraud that was rampant inside the government-funded program.

## **Autism Program fraud, Housing Stabilization fraud and Integrated Community Services fraud**

### **Woman connected to Feeding Our Future in autism fraud case**

A woman charged with fraudulently charging an autism program has been connected to the Feeding Our Future case by investigators. FOX 9's Corin Hoggard has the full report.

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What we know: In 2025, FOX 9 investigated several other agencies where fraud was suspected to be running rampant.

In September, FOX 9 detailed how the state uncovered "credible allegations of fraud" after launching an investigation into Integrated Community Supports. The agency said the allegations primarily concerned providers billing for services th

were not provided. The state then cut off funding to 11 service providers that were suspected of fraud, leaving tenants scrambling to find another place to liv

#### **How MN's legislative auditor plans to stop fraud**

FOX 9's Mike Manzoni sat down with Minnesota's legislative auditor about how the state plans on stopping fraud.

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Also in September, federal prosecutors charged eight people in connection to defrauding millions of dollars from the Minnesota Housing Stabilization Service program.

FOX 9 has also been reporting on fraud at autism centers since 2024.

#### **Fraud in MN: New charges filed related to various state programs [FULL]**

The U.S. Attorney's Office on Thursday announced new charges related to fraud in several state programs, including five more people charged in Minnesota's Housing Stabilization Services Program, autism program fraud, and a new fraud case related to Integrated Community Services. Authorities are still working to determine how much this fraud has cost. More charges are expected in the future.

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