

## U.S. DEPARTMENT OF THE TREASURY

# Secretary Bessent Announces Initiatives to Combat Rampant Fraud in Minnesota

January 9, 2026

*Actions Increase Transparency, Seek Accountability for Taxpayer Dollars*

**WASHINGTON**— In Minnesota, Secretary of the Treasury Scott Bessent announced several initiatives to combat rampant government benefits fraud in Minnesota, which has wasted billions of taxpayer dollars. These initiatives are designed to strengthen and safeguard the financial system and protect Minnesota taxpayers.

“President Trump has instructed the administration to bring accountability for the hardworking people of Minnesota,” said **Secretary of the Treasury Scott Bessent**. “Under Democratic Governor Tim Walz, welfare fraud has spiraled out of control. Billions of dollars intended for feeding hungry children, housing disabled seniors, and providing services for children in need were diverted to benefit Somali fraud rings.”

While in the Twin Cities, Secretary Bessent also met with financial institutions, fraud victims, state leaders, and community members. Secretary Bessent will also hold a roundtable discussion to hear from affected citizens and chair a public-private partnership meeting with both financial institutions and Federal, state, and local law enforcement to share information to help identify, report, and investigate government benefits fraud.

## **MINNESOTA FRAUD RINGS HAVE VICTIMIZED CHILDREN AND COST TAXPAYERS BILLIONS**

Complex fraud rings in Minnesota have stolen billions of dollars from state programs for their personal enrichment in the United States and abroad. Perpetrators stole money to purchase residential and commercial real estate, luxury goods, vehicles, planes, international flights and other luxury expenses—all at the cost of the U.S. taxpayer.

## **SECRETARY BESSENT ANNOUNCED THE FOLLOWING ACTIONS TAKEN BY THE U.S. DEPARTMENT OF THE**

## TREASURY:

### FinCEN is Investigating Several Money Services Businesses in Minnesota

Treasury's Financial Crimes Enforcement Network (FinCEN) has issued **four notices of investigation to money services businesses** located in Minnesota, requesting information from these businesses—which provide financial services outside the formal banking system—for examination and investigative purposes under the Bank Secrecy Act.

### IRS to Launch Fraud Task Force Targeting Misuse of Funding

IRS civil enforcement is **auditing financial institutions** that facilitated the laundering of Minnesota funds, in addition to helping support criminal and civil enforcement efforts. The IRS will also soon announce the **formation of a task force** to investigate any fraud and abuse involving pandemic-era tax incentives and misuse of 501(c)(3) tax-exempt status by entities implicated in the Minnesota-based social services fraud schemes. Treasury remains committed to preventing fraudulent nonprofits from taking advantage of the American taxpayer.

### Enhanced Reporting Can Accelerate Prosecutions and the Recovery of Laundered Funds

FinCEN has issued a **Geographic Targeting Order** to require banks and money transmitters located in Hennepin and Ramsey Counties, which include Minneapolis and St. Paul, to report additional information about funds transferred outside of the United States. These businesses will be required to file reports with FinCEN above certain transactions of \$3,000 or more where the beneficiary is located outside of the United States.

Currently, law enforcement has limited insight into the persons located abroad who receive the proceeds of the frauds. This Order will better equip Federal, state, and local law enforcement by providing them with additional information to assist in their investigations of government benefits fraud. It is expected to advance prosecutions and assist in the recovery of funds laundered internationally.

### FinCEN Issues Alert to Financial Institutions to Help Disrupt Fraud Rings Exploiting Child Nutrition Programs

FinCEN has issued an **Alert** to urge financial institutions to identify and report fraud associated with Federal child nutrition programs. These fraud rings have defrauded the U.S. government of at least \$300 million meant for children in need in Minnesota, using fraud proceeds for their own personal enrichment in the United States and abroad. The Alert includes “red flags” to help financial institutions identify specific types of fraud and report the activity to law enforcement.

## **Training Law Enforcement to Use Financial Data to Better Combat Fraud Schemes**

FinCEN today **provided on-the-ground training** for Minnesota-based Federal, state, and local law enforcement on how to utilize financial data, such as Suspicious Activity Reports, to better combat these fraud schemes.

### **GTO Materials**

- [Minnesota Fraud Geographic Targeting Order](#)
- [Minnesota Fraud Geographic Targeting Order Submission Template](#)
- [Minnesota Fraud Geographic Targeting Order Template Dictionary](#)
- [Frequently Asked Questions \[issued 01/13/2026\]](#)
- [Exemptive Relief Order for the Geographic Targeting Order Imposing Recordkeeping and Reporting Requirements on Certain Financial Institutions in Minnesota \[issued 02/27/2026\]](#)

### **Alert**

- [FinCEN Alert on Fraud Rings and Their Exploitation of Federal Child Nutrition Programs in Minnesota](#)

###

