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U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS
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January 20, 2026

The Honorable Scott Bessent
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The Honorable Frank Bisignano
Chief Executive Officer
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Acting Commissioner Bessent and Mr. Bisignano:

We write today to express concern over recent reports highlighting significant fraud, waste, and abuse of taxpayer dollars in the State of Minnesota, and to ensure that the Internal Revenue Service (“IRS”) is learning from the Biden Administration’s mistakes to protect taxpayer dollars from this type of mismanagement moving forward. As you are aware, investigative journalists recently uncovered a network of fraud involving Minnesota’s Medicaid Housing Stabilization Services program and non-profit organizations in the state during the COVID-19 pandemic – a scheme that not only seemingly funneled millions, if not billions, of taxpayer dollars to the Al-Shabaab terrorist group, but has also resulted in the prosecutions of nearly 80 individuals by the Department of Justice (“DOJ”) to date.¹ This is unacceptable.

With hundreds of billions of taxpayer dollars falling victim to fraud and waste under the Biden Administration in the wake of the COVID-19 pandemic,² news of a Minnesota non-profit that was created to serve food to low-income children and instead taking more than \$250 million to purchase luxury goods, jewelry, and real estate unfortunately came as no surprise.³ Instead, this scheme seemed like the latest example of programs created by Democrats during the

¹ Greg Wehner, *Treasury Secretary launches probe into Minnesota tax dollars allegedly funding Al-Shabaab terrorists*, FOX NEWS (Dec. 1, 2025), <https://www.foxnews.com/politics/treasury-secretary-launches-probe-minnesota-tax-dollars-allegedly-funding-al-shabaab-terrorists>.

² Richard Lardner, Jennifer McDermott, and Aaron Kessler, *The Great Grift: How billions in COVID-19 relief aid was stolen or wasted*, ASSOCIATED PRESS (June 12, 2023), <https://apnews.com/article/pandemic-fraud-waste-billions-small-business-labor-fb1d9a9eb24857efbe4611344311ae78>.

³ Charles Creitz, *Dem-appointed education officials face new scrutiny as Feeding Our Future scandal widens, Trump targets fraud*, FOX NEWS (Dec. 8, 2025), <https://www.foxnews.com/politics/dem-appointed-education-officials-face-new-scrutiny-feeding-our-future-scandal-widens-trump-targets-fraud>.

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pandemic that were systematically flawed and highly susceptible to fraud and abuse.⁴ For example, recent video evidence appears to show individuals visiting many of the daycare centers in question only to allegedly find no children and vacant buildings, which raises serious questions and concerns.⁵

Not only that, but reports also suggest that some of this money may have ended up in the hands of the notorious Al-Shabaab terrorist group, with one confidential source saying that “[t]he largest funder of Al-Shabaab is the Minnesota taxpayer.”⁶ This potential terror-financing scheme by a tax-exempt organization, coupled with the fact that the Minnesota Legislative Auditor and Special Reviews Director both found that the State “failed to act on warning signs known to the department” prior to the start of the fraud scheme,⁷ calls into question the current safeguards in place to protect taxpayer dollars.

Regrettably, this is not the first time the U.S. House of Representatives Committee on Ways and Means has had to express concern over tax-exempt organizations manipulating the Tax Code to promote anti-American and/or pro-terrorist ideals that do not further any tax-exempt purpose. For example, not only did the Committee write to the IRS requesting revocation of tax-exempt status for multiple non-profit organizations with ties to designated terrorist groups in October of this year,⁸ but the Committee is also actively investigating American non-profits operating as extensions of the Chinese Communist Party.⁹ These letters came after several requests to the Biden Administration to take action, all of which failed to come to fruition.¹⁰

⁴ Jason Rantz, *Minnesota's massive fraud exposes how Democrats built a system designed to be robbed*, FOX NEWS (Dec. 8, 2025), <https://www.foxnews.com/opinion/minnesotas-massive-fraud-exposes-democrats-built-system-designed-robbed>.

⁵ Nick Shirley, *I Investigated Minnesota's Billion Dollar Fraud Scandal*, YOUTUBE (Dec. 26, 2025), <https://www.youtube.com/watch?v=r8AulCA1aOQ>.

⁶ Ryan Thorpe, Christopher F. Rufo, “*The Largest Funder of Al-Shabaab Is the Minnesota Taxpayer*”: *How some of the state's welfare funds ended up in the hands of a terror group*, CITY JOURNAL (Nov. 19, 2025), <https://www.city-journal.org/article/minnesota-welfare-fraud-somalia-al-shabaab>.

⁷ Ryan Thorpe, Christopher F. Rufo, “*The Largest Funder of Al-Shabaab Is the Minnesota Taxpayer*”: *How some of the state's welfare funds ended up in the hands of a terror group*, CITY JOURNAL (Nov. 19, 2025), <https://www.city-journal.org/article/minnesota-welfare-fraud-somalia-al-shabaab>.

⁸ H. Comm. on Ways and Means, *Chairman Smith Calls On IRS to Crack Down on Tax-Exempt Groups Tied to Terrorism & Political Violence* (Oct. 6, 2025), <https://waysandmeans.house.gov/2025/10/06/chairman-smith-calls-on-irs-to-crack-down-on-tax-exempt-groups-tied-to-terrorism-political-violence/>.

⁹ H. Comm. on Ways and Means, *Chairman Smith Exposes U.S. Nonprofit as Likely CCP-Funded Propaganda Arm Operating Under Tax-Exempt Status* (Sept. 4, 2025), <https://waysandmeans.house.gov/2025/09/04/chairman-smith-exposes-u-s-nonprofit-as-likely-ccp-funded-propaganda-arm-operating-under-tax-exempt-status/>.

¹⁰ H. Comm. on Ways and Means, *Ways and Means Republicans Call for Rigorous Oversight of U.S. Tax-Exempt Organizations with Suspected Ties to Chinese Communist Party* (April 24, 2024), <https://waysandmeans.house.gov/2024/04/24/ways-and-means-republicans-call-for-rigorous-oversight-of-u-s-tax-exempt-organizations-with-suspected-ties-to-chinese-communist-party/>; H. Comm. on Ways and Means, *Chairman Smith Demands Revocation of Tax-Exempt Status for U.S.-Based Media Organization Employing Hostage-Taker in Gaza* (June 10, 2024), <https://waysandmeans.house.gov/2024/06/10/chairman-smith-demands-revocation-of-tax-exempt-status-for-u-s-based-media-organization-employing-hostage-taker-in-gaza/>; H. Comm. on Ways and Means, *Ways and Means Chairman Smith Demands IRS Revoke Tax-Exempt Status of Organizations Fueling Chaos, Illegal Conduct, and Antisemitism Activity in U.S., Including those with Possible Ties to Terrorist Networks* (Sept. 24, 2024), <https://waysandmeans.house.gov/2024/09/24/ways-and-means-chairman-smith-demands-irs-revoke-tax-exempt-status-of-organizations-fueling-chaos-illegal-conduct-and-antisemitism-activity-in-u-s-including-those-with-possible-ties-to-terrorist-networks>.

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While the Feeding Our Future case points to the need for oversight and accountability surrounding tax-exempt organizations funneling taxpayer dollars to non-exempt or even illegal purposes, it also demonstrates the urgency for the IRS to implement a new approach for the non-profit sector when it comes to updating its systems and communication with state agencies as well. For example, Minnesota audit findings suggest that despite the IRS revoking Feeding Our Future's tax-exempt status in February of 2020 after the organization failed to meet IRS reporting requirements for three consecutive years, Feeding Our Future continued to advertise itself as a tax-exempt organization and even received approval as a Summer Food Service Program sponsor by Minnesota's Department of Education in June of 2020, possibly due to a delay by the IRS in updating its systems to reflect that Feeding Our Future was no longer tax-exempt.¹¹ Not only is this delay by the IRS concerning given the Biden Administration's purported commitment to information technology modernization,¹² but it also shows the need to implement more efficient systems at the IRS that do not allow organizations that have lost their tax-exempt status to receive benefits limited to tax-exempt organizations.

The concern over tax-exempt organizations funneling taxpayer dollars to designated terrorist organizations and other illicit purposes cannot be understated. The severity of this case is exemplified by the fact that in addition to the Committee on Ways and Means, multiple other federal government agencies and congressional committees – including the U.S. Department of Treasury, DOJ, the Federal Bureau of Investigations, U.S. Small Business Administration, U.S. Department of Housing and Urban Development (“HUD”), the U.S. Department of Labor, and U.S. House of Representatives Committee on Oversight and Government Reform – have already announced investigations into this matter.¹³ In addition to ongoing investigations, the U.S. Department of Health and Human Services would be pausing federal fundings to Minnesota related to child care, while HUD demanded that Minnesota conduct recertification for program

exempt-status-of-organizations-fueling-chaos-illegal-conduct-and-antisemitic-activity-in-u-s-including-those-with-possible-ties-to-terrorist-ne/.

¹¹ Judy Randall, Katherine Theisen, *Minnesota Department of Education: Oversight of Feeding Our Future: Special Review*, OFFICE OF THE LEGISLATIVE AUDITOR, STATE OF MINNESOTA (June 2024), <https://www.auditor.leg.state.mn.us/sreview/pdf/2024-mdefof.pdf>.

¹² The White House, *Fact Sheet: President Biden's Budget Improves Customer Experience and Service Delivery for the American People*, THE WHITE HOUSE (March 9, 2023), <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2023/03/09/fact-sheet-president-bidens-budget-improves-customer-experience-and-service-delivery-for-the-american-people/>.

¹³ Josh Christensen, *Treasury, House panel launch probes into Tim Walz's handling of \$1B food aid fraud – and they could make criminal referrals*, NEW YORK POST (Dec. 1, 2025), <https://nypost.com/2025/12/01/us-news/treasury-house-panel-launch-probes-into-tim-walzs-handling-of-1b-food-aid-fraud/>; Kelly Loeffler, TWITTER (Dec. 2, 2025), https://x.com/sba_kelly/status/1995846331202457607?s=46; Ashley Oliver, *Pam Bondi dispatches federal prosecutors to Minnesota following Somali fraud allegations*, FOX NEWS (Jan. 7, 2026), <https://www.foxnews.com/politics/doj-send-prosecutors-crack-down-minnesota-fraud>; The White House, *Here's What the Trump Administration Is Doing to Crush Minnesota's Fraud Epidemic*, THE WHITE HOUSE (Jan. 2, 2026), <https://www.whitehouse.gov/articles/2026/01/heres-what-the-trump-administration-is-doing-to-crush-minnesotas-fraud-epidemic/>; Jasper Ward and A.J. Vicens, *FBI investigating Minnesota fraud scheme, director says*, REUTERS (Dec. 29, 2025), <https://www.reuters.com/world/us/fbi-investigating-minnesota-fraud-scheme-director-says-2025-12-28/>.

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participants to ensure they are complying with eligibility requirements.¹⁴ And, even more recently, it was announced that the IRS would be auditing financial institutions that “facilitated the laundering of Minnesota funds” and forming a task force to investigate any fraud and abuse involving the misuse of 501(c)(3) tax-exempt status.¹⁵

While we look forward to the findings of these investigations, compliance checks, and audits, it is imperative that the IRS transition from the laissez-faire approach implemented under the Biden Administration and utilize a more hands-on approach when overseeing and safeguarding taxpayer dollars. The Feeding Our Future scheme is not only alarming, but it is also merely the latest in a series of poorly planned programs that were hastily pushed out under the previous administration in a way that harms American taxpayers. Taxpayer dollars earned by hardworking Americans should never end up in the hands of designated terrorist organizations, and any suggestion that tax-exempt organizations are manipulating the American tax system to support terrorism is unacceptable.

As such, we urge you to use your authority at the IRS to hold tax-exempt organizations accountable when they fail to fulfill their tax-exempt purpose, ensure taxpayer dollars do not end up in the hands of designated terrorist organizations, and implement the necessary processes to make sure that the Feeding Our Future scheme cannot happen again. If you have any questions, please contact Ways and Means Majority Committee staff at (202) 225-3625.

Sincerely,



Jason Smith
Chairman
Committee on Ways and Means



Vern Buchanan
Committee on Ways and Means



Adrian Smith
Committee on Ways and Means



Mike Kelly
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¹⁴ Jonah Kaplan and Joe Walsh, *Everything we know about Minnesota's massive fraud schemes*, CBS NEWS (Jan. 5, 2026), <https://www.cbsnews.com/news/minnesota-fraud-schemes-what-we-know/>; The White House, *Here's What the Trump Administration Is Doing to Crush Minnesota's Fraud Epidemic*, THE WHITE HOUSE (Jan. 2, 2026), <https://www.whitehouse.gov/articles/2026/01/heres-what-the-trump-administration-is-doing-to-crush-minnesotas-fraud-epidemic/>.

¹⁵ U.S. Department of the Treasury Press Release, *Secretary Bessent Announces Initiatives to Combat Rampant Fraud in Minnesota*, U.S. DEPARTMENT OF THE TREASURY (Jan. 9, 2026), <https://home.treasury.gov/news/press-releases/sb0354>.

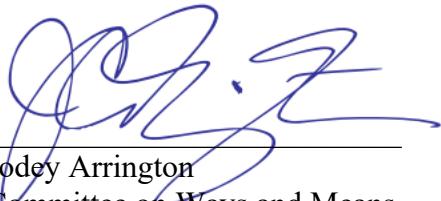
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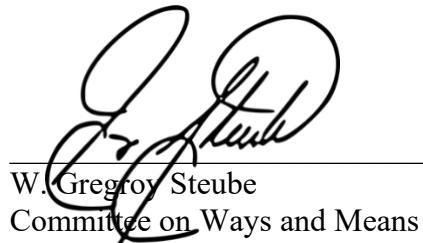
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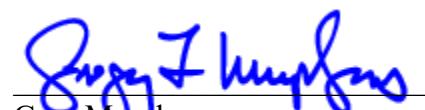
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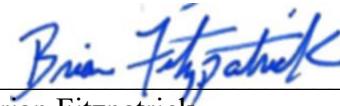
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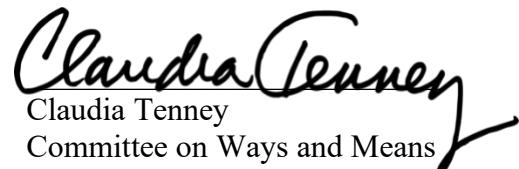
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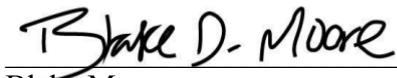
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Michelle Fischbach

Committee on Ways and Means



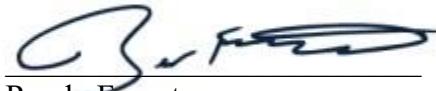
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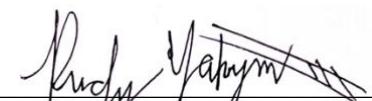
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