HOW TO STOP FRAUD IN MINNESOTA AND ACROSS THE COUNTRY

Over the last several years, criminals have exploited the culture of "Minnesota nice" to steal billions of dollars in taxpayer funds in one of the most egregious frauds in our nation’s history.

Under Democrat Gov. Tim Walz, these fraudsters—many of whom are not even American citizens—lined their pockets with money that was initially intended to feed hungry children, house disabled seniors, and provide services for young students with special needs.

Last week, I traveled with my team to Minneapolis to meet in person with the investigators, prosecutors, legislators, and community members on the front lines of combating this crime. Their frustration was palpable. There, we learned more about a transnational money laundering scheme

that festered under President Joe Biden and the state's political leadership.

The scandal was unprecedented in its scope and scale. But so is President Trump's plan to fix it by attacking fraud at the source—both in Minnesota and across the country.

At the president's direction, the Treasury Department is examining the transfer of funds allegedly sent from the affected parts of Minnesota to other countries, including Somalia. These funds are often sent through money services businesses, which provide financial services outside the banking system.

This money could have potentially been diverted to terrorist organizations, such as Al-Shabaab. Treasury has a long history of following the money to financially suffocate bad actors, like the mafia and Mexican drug cartels. Now we are doing the same to shut down Somali fraud rings.

As part of this effort, Treasury's Financial Crimes Enforcement Network (FinCEN) and the IRS are investigating financial institutions that may have played a role in abetting rampant fraud. Specifically, we are evaluating whether these institutions have complied with their legal obligations under the Bank Secrecy Act and Treasury's regulations, which are designed to detect money laundering and safeguard the U.S. financial system from abuse.

Treasury is also taking steps to disrupt criminal networks from within. The fraud rings in Minnesota have many tentacles. But we will expose them all by offering incentives for whistleblowers who are willing to cooperate with law enforcement and identify perpetrators.

Beyond pinpointing the source of the fraud, it is critical that we prevent more taxpayer dollars from leaving the country for improper purposes. That's why FinCEN has issued a Geographic Targeting Order for Hennepin and Ramsey Counties in Minnesota, which will require banks and money transmitters to report additional information about funds transferred outside of the United States valued at $3,000 or more.

Treasury has also trained Minnesota law enforcement to utilize the data they gather from these reports to prevent this scandal from happening again.

This will put a microscope on fraudulent businesses, advance prosecutions and assist in the recovery of funds laundered internationally.

If individuals are on welfare, they should not be in a financial position to send money overseas. And yet thousands still do. This means that American taxpayers are effectively supplementing the incomes of overseas individuals.

This must stop.

To assess the prevalence of this practice, Treasury's Geographic Targeting Order requires financial institutions wiring money abroad from Hennepin and Ramsey Counties to check a box to indicate if the funds are from any federal, state, or local government benefit program.

Sadly, Minnesota does not have a monopoly on this sort of fraud. Similar misconduct is almost certainly happening in many other states, especially states like California, New York, and Illinois, which impose lax controls on the use of government benefit funds.

In fact, our own Government Accountability Office estimates that the government may lose more than $500 billion each year to fraud. This is a staggering figure larger than the GDP of most countries. It represents up to 10% of federal tax revenues each year and approximately 1% to 2% of GDP.

Eliminating this fraud entirely would do more than any other federal measure to alleviate the burden on taxpayers and reduce the deficit. That is why President Donald Trump has created a new division within the Department of Justice with the sole purpose of prosecuting fraud nationally.

The president wants to scale the model we have established in Minnesota to root out waste, fraud, and abuse in every corner of the country. Extraordinary crime requires an extraordinary response—and President Trump has provided that by launching the largest anti-fraud campaign of the 21st century.

Under previous administrations, criminals managed to turn government benefits into a multibillion-dollar business enterprise, systematically bilking taxpayers of their hard-earned money. But that ends now. President Trump has launched an all-of-government effort to recover stolen funds and prosecute tax thieves.

He will give no quarter to fraudulent criminals—in Minnesota or anywhere else in the country.

Scott Bessent is the 79th United States Secretary of the Treasury.