

A Whistleblower's Warning Unheeded



**How Flawed Program Design Fueled a Fraud Crisis,
Harming Minnesota's Most Vulnerable Citizens**

Briefing for the House Committee on Oversight

A veteran journalist issued a stark warning about a system that devalues vulnerable citizens.



MINNESOTA'S DISABILITY COMMUNITY NEWS SOURCE

JANE MCCLURE | Outgoing
Editor, Access Press

In her farewell editorial, a journalist with decades of experience covering Minnesota's disability community documented a culture of systemic neglect.

On Being Devalued

"My story is like many of my disability community peers... It's the **constant feeling of being left out**... Instead of being viewed as brave and inspiring... I as a potential employee with disabilities was viewed as a **liability**."

On Systemic Neglect

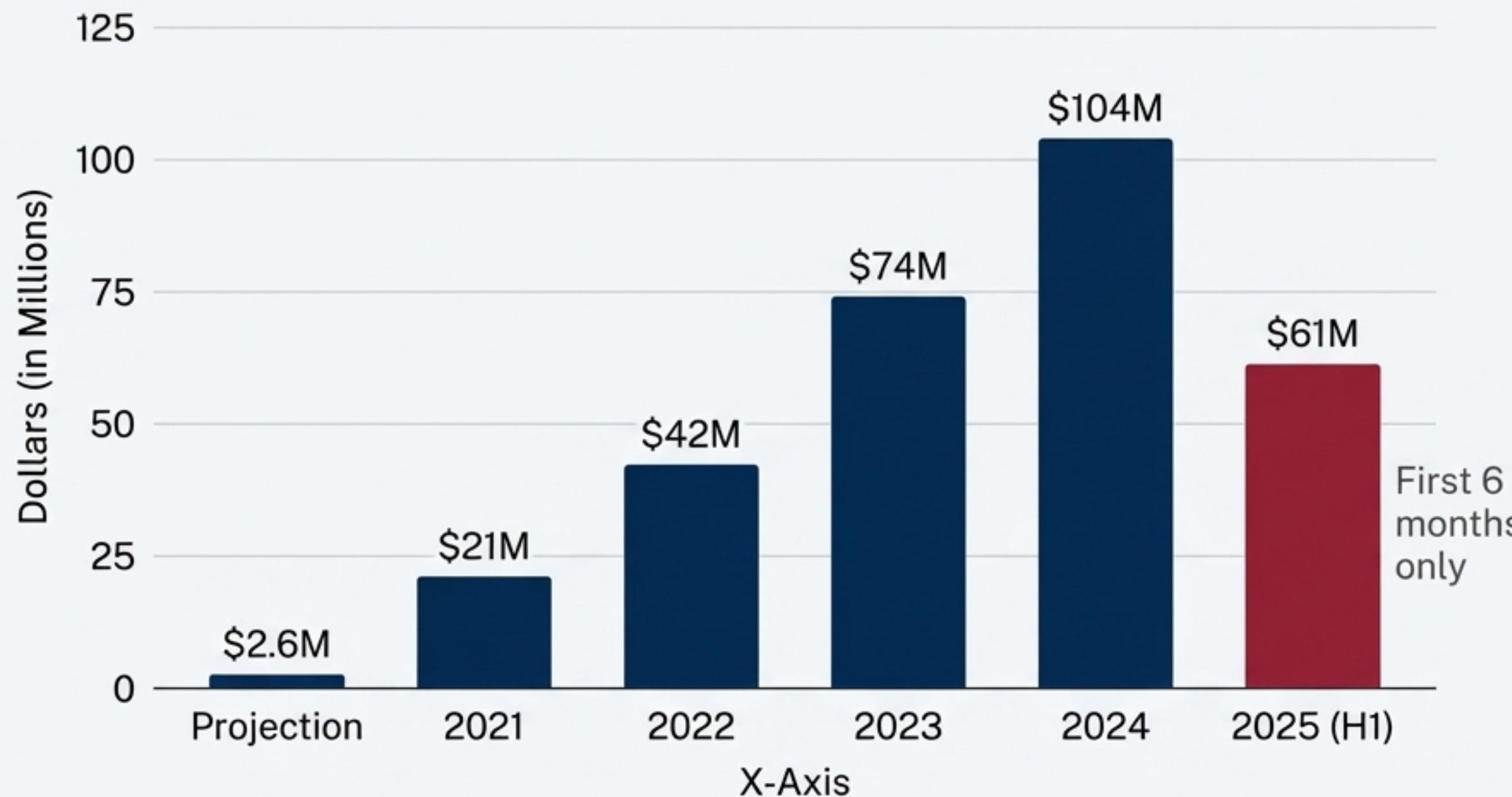
"Years ago Access Press was an outlier... We focused on **policy issues** while my journalistic peers cranked out **pity stories and inspiration porn**."

A Call to Action

"Advocate for yourself, your peers and your family members. Don't let others control your stories and your lives."

A federally-funded housing program exploded from a projected \$2.6M to over \$300M in 4.5 years.

*Housing Stabilization Services:
Projected vs. Actual Payouts (Annual)



**\$302
Million**
Total Payouts
in 4.5 Years

The Department of Justice concluded the program's design made it “susceptible to fraud.”

Key Program Vulnerabilities

- **Low Barriers to Entry:** “By design, the Program had **low barriers to entry** for new providers and for beneficiaries.”
- **Minimal Reimbursement Requirements:** “The Program also had **minimal requirements for reimbursement.**”
- **Inherent Susceptibility:** “The HSS Program’s low barriers to entry and minimal records requirements for reimbursement combined to make the Program **susceptible to fraud.**”

Program Services Covered

Housing Consultation

Housing Transition Services

Housing Sustaining Services

Moving Expenses

Criminal enterprises exploited the program's weaknesses, diverting millions in taxpayer funds

Case Studies from the First Wave of Federal Indictments

Leo Human Services LLC

Fraud Amount: **\$2.7 Million**

Tactic: Incentivized employees to inflate hours; owner knew notes were manufactured.

Proceeds: Investment in Kenyan real estate, lease of a 2024 BMW X4.

Brilliant Minds Services LLC

Fraud Amount: **\$2.3 Million**

Tactic: Submission of fake and inflated bills.

Proceeds: Nearly half a million dollars on a Platinum American Express card to “fund and enhance their lifestyles.”

Faladcare Inc.

Fraud Amount: **\$2.2 Million**

Tactic: Created and submitted inflated and fraudulent reimbursement claims for ~100 beneficiaries.

Liberty Plus LLC

Fraud Amount: **\$1.2 Million**

Tactic: Owner directed employees to “bill as much as they could” with no scrutiny.

Proceeds: Lease of a 2023 Mercedes-Benz CLA, investments.

The law enforcement response is addressing less than 3% of the total program funds paid out.



“Exploiting this program undermines the financial and physical security of the community amid a housing and addiction crisis.”

- Alvin M. Winston Sr., Special Agent in Charge, FBI Minneapolis

The state's fraud crackdown now poses an 'existential threat' to Minnesota's legitimate care infrastructure.

A System Under Duress

- **State Action:** In late 2025, Gov. Tim Walz announced a third-party audit and paused payments for 14 Medicaid programs to detect suspicious billing.
- **Provider Impact:** Payments to legitimate providers could be delayed for up to 90 days.

Consequence: Collapse of a Major Provider

- **Case Study:** Dependable Home Health Care, a provider since 1991, announced its permanent closure.
- **Impact:** More than **400 jobs** lost; clients and families left to find new care options.

*"Pausing payments to legitimate providers for up to 90 days is not an accountability measure, it's an **existential threat** to the care infrastructure that keeps Minnesotans with disabilities safe, housed, and supported in their community."*

- Sue Schettle, CEO, Association of Residential Resources in Minnesota (ARRM)

As program funds were diverted, Minnesota's youth in transition faced escalating rates of crisis.

Outcomes for Minnesota Foster Youth by Age 21 (Cohort 3 data, FY21)



41%

Experienced Homelessness
(in past 2 years)



25%

Were Incarcerated
(in past 2 years)



51%

Lost Medicaid Coverage

Evidence of Administrative Failure

For Cohort 3 (concluding Sept 2021), Minnesota **did not meet federal thresholds** for follow-up surveys with youth at ages 19 and 21, resulting in a **\$55,000 federal penalty**.

Source: Minnesota Department of Children, Youth, and Families (DCYF) Bulletin 25-68-21, National Youth in Transition Database (NYTD). 

