



FinCEN

ALERT

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January 9, 2026

FinCEN Alert on Fraud Rings and Their Exploitation of Federal Child Nutrition Programs in Minnesota

Suspicious Activity Report (SAR) Filing Request:

FinCEN requests that financial institutions reference this Alert in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the key term “**FIN-2026-MNFRAUD**” and select SAR field 34(z) (Fraud – Other) and include the term “**Federal Child Nutrition Programs**” in the text box.

The U.S. Department of the Treasury’s (Treasury) Financial Crimes Enforcement Network (FinCEN) is issuing this Alert to urge financial institutions¹ to identify and report fraud associated with Federal child nutrition programs,² particularly past and ongoing suspicious activity potentially related to fraudsters in Minnesota. 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.³

On March 25, 2025, President Trump issued Executive Order (E.O.) 14249, *Protecting America’s Bank Account Against Fraud, Waste, and Abuse*, declaring that it is the policy of the United States to defend against financial fraud and improper payments, which threaten the integrity of Federal programs and undermine trust in Government.⁴ Ongoing investigations into fraudsters in Minnesota by the U.S. Department of Justice (DOJ) have identified potentially billions of dollars stolen from the Federal child nutrition programs and other Federal and state government benefits programs, including Medicaid.⁵

Fraud, including government benefits fraud (which increased dramatically during the COVID-19 pandemic), continues to be the largest source of illicit proceeds in the United States according to

1. See 31 U.S.C. § 5312(a)(2); 31 C.F.R. § 1010.100(t).

2. See U.S. Department of Agriculture (USDA), [FNS Nutrition Programs](#); USDA, [Child Nutrition Programs](#).

3. See U.S. Department of Justice (DOJ), U.S. Attorney’s Office, District of Minnesota, Press Release, “[U.S. Attorney Announces Federal Charges Against 47 Defendants in \\$250 Million Feeding Our Future Fraud Scheme](#)” (“Feeding Our Future Case”) (Sept. 20, 2022); see also DOJ, U.S. Attorney’s Office, District of Minnesota, Press Release, “[In Landmark Sentence, Feeding Our Future Scheme Leaders Sentenced to 28 Years in Prison](#)” (Aug. 6, 2025) (announcing sentence in \$300 million scheme in which Defendant Farah personally pocketed \$8 million); DOJ, U.S. Attorney’s Office, District of Minnesota, Press Release, “[78th Defendant Charged in Feeding Our Future Fraud Scheme](#)” (Nov. 24, 2025).

4. See The White House, [Executive Order on Protecting America’s Bank Account Against Fraud, Waste, and Abuse](#), 90 Fed. Reg. 14011 (Mar. 25, 2025); The White House, “[Fact Sheet: President Donald J. Trump Protects America’s Bank Account Against Waste, Fraud, and Abuse](#)” (Mar. 25, 2025).

5. See DOJ, U.S. Attorney’s Office, District of Minnesota, Press Release, “[First Defendant Charged in Autism Fraud Scheme](#)” (Sept. 2024); DOJ, U.S. Attorney’s Office, District of Minnesota, Press Release, “[Six Additional Defendants Charged, One Defendant Pleads Guilty in Ongoing Fraud Schemes](#)” (Dec. 18, 2025).

Treasury's 2024 National Money Laundering Risk Assessment.⁶ Fraud is also one of FinCEN's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) National Priorities.⁷ FinCEN, in its capacity as administrator of the Bank Secrecy Act (BSA) and financial intelligence unit of the United States, is deploying its tools, authorities, and resources as part of the Treasury's commitment to bolster law enforcement investigations into the Minnesota fraud rings that targeted Federal child nutrition programs during the COVID-19 pandemic and continue to defraud Federal and state government benefits programs.

Overview of Fraud Rings Targeting Federal Child Nutrition Programs in Minnesota and Associated Money Laundering Typologies

The U.S. Department of Agriculture (USDA) and its Food and Nutrition Service (FNS) administer child nutrition programs that serve billions of meals annually to help children in low-income families have access to nutritious food. As part of this program, FNS allocates funds to state agencies. For example, in the state of Minnesota, FNS allocates funds to the Minnesota Department of Education (MDE), which administers and oversees the Federal child nutrition programs in Minnesota.⁸ MDE contracts with organizations (referred to as "Sponsors") including schools, child care centers, and non-profit organizations (NPOs), to facilitate the enrollment and monitoring of locations (referred to as "Sites") that provide free meals to Minnesotan children in need. Sponsors also file claims with MDE on behalf of Sites to receive reimbursement of funds from the USDA for the Sponsors and Sites.⁹ Sponsors may also operate as Sites themselves.

During the COVID-19 pandemic, the USDA temporarily lifted certain enrollment requirements for Sites to participate in the Federal child nutrition programs—including by allowing participation by for-profit restaurants as well as by allowing the distribution of meals to children outside of educational programs. According to the DOJ, fraud rings based in Minnesota—such as the Sponsor Feeding Our Future and complicit Sites overseen by Feeding Our Future—exploited those changes and targeted the Federal child nutrition programs to defraud the U.S. government and steal Federal benefits meant for Minnesotan children.¹⁰ As part of the schemes, fraud rings served as Sponsors within the Federal child nutrition programs and recruited co-conspirators to fraudulently enroll recently established shell companies¹¹ as Sites with MDE. Fraudulently enrolled shell companies often purported to be restaurants, food suppliers, and NPOs involved in social service programs for nutrition and education. The Sponsors then submitted fraudulent documentation on behalf of the complicit Sites that falsely claimed the Sites were feeding thousands of children in Minnesota,

6. See Treasury, "[2024 National Money Laundering Risk Assessment](#)" (Feb. 2024), pp. 5 and 11-12.

7. See FinCEN, "[Anti-Money Laundering and Countering the Financing of Terrorism National Priorities](#)," (June 30, 2021).

8. See Office of the Legislative Auditor, State of Minnesota, "[Minnesota Department of Education: Oversight of Feeding Our Future](#)" (June 2024), pp. 7-8.

9. *Id.*

10. See Feeding Our Future Case, *supra* note 3.

11. Shell companies are typically non-publicly traded corporations, limited liability companies, or other types of entities that have no physical presence beyond a mailing address, generate little to no independent economic value, and generally are created without disclosing their beneficial owners. See generally Treasury, "[2024 National Money Laundering Risk Assessment](#)" (Feb. 2024).

which was beyond the capacity for these entities. In some cases, the Sponsors also established Sites and submitted fraudulent claims to MDE. In many cases, within days of enrolling with MDE, these fraudulent entities would purport to be serving tens of thousands of children in need across Minnesota—from Minneapolis to small rural areas—every day of the week, and often submitted fictitious names of participants to appear legitimate.

Upon receiving fraudulent claims from the Sponsors, the MDE issued reimbursements to the Sponsors. After retaining their administrative fees as Sponsors in the Federal child nutrition programs, the Sponsors disbursed the fraudulent reimbursements to their co-conspirators running the Sites. The Site operators then paid employees of the Sponsor cash as well as “consulting fees” in the form of wires and checks.

Both the Sponsors and the complicit Sites used numerous methods to launder the fraudulent reimbursements through the U.S. and international financial system, including by:

- Wire transfers through banks to U.S. and foreign located individuals and recently established shell companies under their control;
- Wire transfers through banks to virtual asset service providers for the purchase of digital assets;
- International wire transfers, allegedly for personal remittances, via money services businesses (MSBs);¹² and
- Purchases and redemptions of cashier’s checks.¹³

Ultimately, these illicit actors used their ill-gotten gains for their personal enrichment in the United States and abroad.¹⁴ Purchases included residential and commercial real estate, luxury goods, high-value property (e.g., vehicles, planes), and expenses such as international flights to resorts—all at the cost of the U.S. taxpayer and the children of Minnesota.¹⁵

Red Flag Indicators of Fraud Rings and their Exploitation of Federal Child Nutrition Programs in Minnesota

FinCEN, in consultation with Federal law enforcement agencies, has identified the following red flag indicators to help financial institutions detect, prevent, and report potentially suspicious activity related to fraudsters targeting the Federal child nutrition programs in Minnesota during and after the COVID-19 pandemic. As no single red flag is determinative of illicit or suspicious activity, before determining if a behavior or transaction is suspicious or otherwise indicative of connection to this scheme or is otherwise suspicious, financial institutions should conduct an

12. See DOJ, U.S. Attorney’s Office, District of Minnesota, Press Release, “[Kenyan National Charged with International Money Laundering in Feeding Our Future Fraud Scheme](#)” (Sept. 4, 2025). See also Indictment, *United States v. Sheikh*, No. 0:25-cr-00331-NEB-DTS (D. Minnesota Sept. 3, 2025).

13. See Feeding Our Future Case, *supra* note 3; see also, DOJ, U.S. Attorney’s Office, District of Minnesota, Press Release, “[U.S. Attorney Announces Federal Charges Against 10 Additional Defendants in \\$250 Million Feeding Our Future Fraud Scheme](#)” (Mar. 13, 2023).

14. See Feeding Our Future Case, *supra* note 3; see also DOJ, U.S. Attorney’s Office, District of Minnesota, Press Release, “[In Landmark Sentence, Feeding Our Future Scheme Leaders Sentenced to 28 Years in Prison](#)” (Aug. 6, 2025).

15. See Feeding Our Future Case, *supra* note 3.

appropriate review of the relevant activity, including whether the customer exhibits multiple red flag indicators. In conducting such a review, financial institutions may consider as one factor a customer's historical financial activity and whether the transactions are in line with prevailing business practices.

- 1** A customer is a company or NPO serving as a sponsor for a government benefit program that suddenly receives and disburses a significant number of reimbursements in a short timeframe inconsistent with the customer profile of other similar entities.
- 2** A customer is a recently established company or NPO enrolled in a government benefit program that is suddenly receiving a significant amount of Federal payments soon after starting its operations.
- 3** A customer is a recently established company or NPO enrolled in a government benefit program receiving payments to their accounts that are inconsistent with their customer profile.
- 4** A customer is a company or NPO enrolled in a government benefit program but is unable to verify its status to the financial institution or its customer profile is not commensurate with other similar entities.
- 5** A customer is a company or NPO enrolled in a government benefit program that is receiving a significant amount of reimbursements despite limited operations.
- 6** A customer is a recently established company or NPO enrolled in a government benefit program with a limited online presence.
- 7** A customer is a company or NPO enrolled in a government benefit program that has minimal to no operating costs other than payments for "consulting fees" and nondescriptive, repetitive invoices (*i.e.* food supplies).
- 8** A customer that is a company or NPO enrolled in a government benefit program makes a significant amount of cash withdrawals.
- 9** A customer with previous fraud convictions is an employee of a company or NPO enrolled in a government benefit program.
- 10** A customer is an employee of a company or NPO enrolled in a government benefit program that is frequently purchasing or redeeming cashier's checks for no clear purpose.
- 11** A customer that is a company or NPO, enrolled in a government benefit program, or the customer's employee, engages in behavior suggesting efforts to evade the Currency Transaction Report (CTR) reporting requirement (*e.g.*, alters or cancels a transaction when advised a CTR would be filed or engages in structuring with multiple cash transactions for under \$10,000), as well as avoiding recordkeeping requirements.¹⁶

16. See generally 31 C.F.R. §§ 1010.100(xx); 31 C.F.R. 1010.314; and 31 C.F.R. 1010.410.

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- 12 A customer is a company or NPO enrolled in a government benefit program meant for U.S. citizens and lawful permanent residents that is sending a significant amount of wire transfers to individuals and companies located in foreign jurisdictions.
- 13 A customer is a company or NPO enrolled in a government benefit program that is sending payments abroad for residential and commercial real estate, vehicles, aircraft, airline tickets, and designer clothing.

Financial institutions filing SARs on Minnesota fraud rings should reference this Alert in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the key term “**FIN-2026-MNFRAUD**” and select SAR field 34(z) (Fraud – Other) and include the term “**Federal Child Nutrition Programs**” in the text box. To support the identification and recovery of defrauded funds and investigations into the perpetrators of these schemes, financial institutions are strongly encouraged to file such SARs as soon as possible regardless of threshold.

For Further Information

FinCEN’s website at www.fincen.gov contains information on how to register for FinCEN Updates. Questions or comments regarding the contents of this Alert should be addressed to the FinCEN Regulatory Support Section by submitting an inquiry at www.fincen.gov/contact.

The mission of the Financial Crimes Enforcement Network is to safeguard the financial system from illicit use, combat money laundering and its related crimes including terrorism, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.