



SBA Pauses Subsidies to Minnesota Because of Massive Somali Fraud

The head of the Small Business Administration (SBA) has announced a wide-ranging probe into Somali fraud in Minnesota, having revealed at least \$500 million in fraud.

On X, SBA Administrator Kelly Loeffler said all money designated for Minnesota is paused until SBA can determine just how bad the fraud is.

And in an op-ed for Fox News today, Loeffler reprised a report that some of the money Somalis stole from myriad agencies landed in the coffers of the al-Shabaab terror outfit.



AP Images
Kelly Loeffler

SBA is pausing annual funding to Minnesota while we investigate \$430 million in suspected PPP fraud across the state.

This Admin will not continue to hand out blank checks to fraudsters - and we will not rest until we clean up the criminal networks that have been stealing from...

— Kelly Loeffler (@SBA_Kelly)
[December 29, 2025](#)

Fraud Probe

“SBA is pausing annual funding to Minnesota while we investigate \$430 million in suspected PPP fraud across the state,” Loeffler wrote today on X over a story from Breitbart:

This Admin will not continue to hand out blank checks to fraudsters — and we will not rest until we clean up the criminal networks that have been stealing from American taxpayers.

The agency chief told Johnson that SBA fraud is included in the massive housing, Medicaid, and other schemes Somalis [have used](#) to rob taxpayers.

“SBA is cutting off and clawing back ALL SBA grants to Minnesota, effective immediately,” she told Johnson, blaming Walz for refusing “to enforce laws governing small businesses.”



Written by [R. Cort Kirkwood](#) on December 30, 2025

Continued Johnson:

Loeffler tells me that SBA was able to uncover half a billion dollars of fraud “within days” of investigating Minnesota.

She notes the Trump administration will focus on the “state officials” who built an “industrial-scale crime ring to rip off hardworking Americans.”

“The scope of this international scam is still unknown, likely in the billions. Pending further review, SBA is freezing all grant funding to the state in order to stop the rampant waste of taxpayer dollars and uncover the full depth of fraud,” @SBA_Kelly tells me.

This is how Somali fraud is crippling opportunity for native, law abiding Minnesotans.

□BREAKING: The Small Business Administration Drops HAMMER on Somali Fraud, Cuts Off All Minnesota

SBA Administrator Kelly Loeffler tells me she is “disgusted and sickened” by Nick Shirley’s expose of Somali small business fraud and is taking immediate action. SBA is cutting off... <pic.twitter.com/UO9QU2lk56>

— Benny Johnson (@bennyjohnson) [December 28, 2025](#)

“Industrial-scale” theft is how a federal prosecutor described welfare fraud in the state, where the vast majority of Somalis [receive some form](#) of welfare.

On December 23, Loeffler told Walz that she had suspended \$5.5 million in annual funding for the corrupt state. “This action follows alarming findings: individuals indicted in the \$1 billion Somali fraud scheme also received at least \$3 million in PPP loans, and SBA has since identified 13,600 additional PPP loans in Minnesota — totaling \$430 million — suspected as fraudulent,” Loeffler explained on X:

With dozens of investigations underway, the conclusion is unavoidable: Minnesota cannot be trusted to administer federal tax dollars. Its socialist welfare system has enabled fraud at industrial scale, at the expense of honest Americans — and these are the consequences.

Read more: <pic.twitter.com/EBgSjmBq7q>

— Kelly Loeffler (@SBA_Kelly) [December 23, 2025](#)

GOP Representative Tom Emmer of Minnesota [wants the Somalis fraudsters](#) denaturalized and deported.

Fox Op-ed

[Writing for](#) Fox News, Loeffler explained that investigators uncovered \$1 billion in fraudulent Covid pandemic payments, which resulted in almost 100 indictments, but the figure “is a very low estimate of the price Americans have paid to fund deeply corrupt state-administered welfare programs.”

Loeffler explained that “a vast network of Somali nonprofits systematically ripped off federal programs and denied Minnesota families of vital services at the height of the pandemic.”



Written by [R. Cort Kirkwood](#) on December 30, 2025

Loeffler again blamed Walz, who ignored the allegations and cried racism, despite the many whistleblowers who complained to “oversight bodies and to his own office.”

Noting that welfare payments are now the state’s biggest expense, Loeffler detailed how SBA was robbed blind:

During the pandemic, the agency issued \$1.2 trillion in loans, helping save millions of small businesses and jobs. Much of that lending was legitimate, and many of the loans were forgiven, consistent with the 2020 CARES Act legislation. But the program was expanded in 2021 and became rife with fraud — at least \$200 billion, most of which went completely unaddressed and largely forgiven under the Biden administration.

At my direction, SBA launched an investigation into the Minnesota fraudsters. It took just days to find about \$3 million in Paycheck Protection Program (PPP) loans and COVID-19 Economic Injury Disaster Loans (EIDL) for numerous indicted nonprofits, including groups like Feeding our Future and Action for East African People.

SBA looked at every Covid loan in the state, and found that a mind-blowing 13,600 “were flagged for fraud but later approved, totaling about \$430 million in potentially fraudulent funds.”

“One thing is clear: the sheer breadth of fraud in Minnesota proves that the abuse of federal dollars is endemic to the state’s welfare system — and the logical consequence of socialist programs designed to pump out funding without accountability. Other states should be on notice,” Loeffler wrote.

Bessent’s Investigation

The SBA chief also pointed to a Treasury Secretary Scott Bessent’s revelation in early December.

On X, Bessent disclosed yet another probe into funds routed to the Somali al-Shabaab terror organization. Bessent moved after the *City Journal* revealed another result of the fraud. Taxpayers funded the Somali al-Shabaab terror group. Minneapolis, again, [is a recruiting hub](#) for the terrorists. In 2023, the [Biden administration released](#) an al-Shabaab terrorist at the border and later arrested him in the city.

At my direction, [@USTreasury](#) is investigating allegations that under the feckless mismanagement of the Biden Administration and Governor Tim Walz, hardworking Minnesotans’ tax dollars may have been diverted to the terrorist organization Al-Shabaab.

Thanks to the leadership of... <https://t.co/uillMknuXL>

— Treasury Secretary Scott Bessent (@SecScottBessent) [December 1, 2025](#)

“The Somali fraud rings have sent huge sums in remittances, or money transfers, from Minnesota to Somalia,” the [website reported](#):

According to reports, an estimated 40 percent of households in Somalia get remittances from abroad. In 2023 alone, the Somali diaspora sent back \$1.7 billion — more than the Somali government’s budget for that year.

Our investigation reveals, for the first time, that some of this money has been directed to an



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even more troubling destination: the al-Qaida-linked Islamic terror group Al-Shabaab. According to multiple law-enforcement sources, Minnesota's Somali community has sent untold millions through a network of "hawalas," informal clan-based money-traders, that have wound up in the coffers of Al-Shabaab.

The website quoted a confidential source: "The largest funder of Al-Shabaab is the Minnesota taxpayer."



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