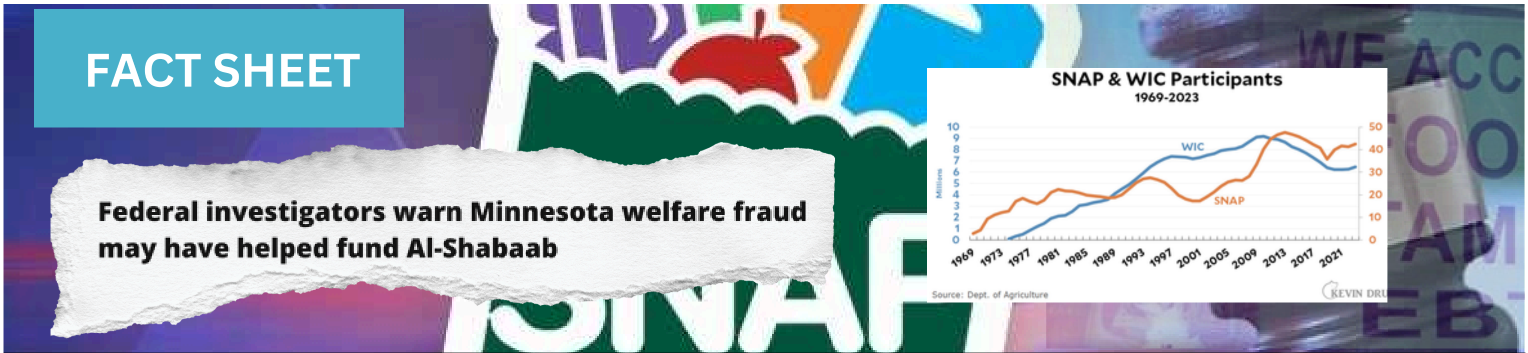
FACT SHEET



IMPACT OF WELFARE FRAUD ON THE AMERICAN PEOPLE

The rampant abuse of welfare programs over the past several years has created a public perception that fraud has become pervasive and extensive across many government programs. As highly publicized evidence of fraud increases, hardworking Americans are paying the cost in higher taxes and less take-home pay.

Did you know?...

- SNAP benefits, used to provide food to low-income families, is a common target for welfare fraud, with an estimated $1.27 billion stolen annually between 2015 and 2017.
- In March 2025, two individuals were convicted for their role in a $250 million fraud scheme from a federally funded child nutrition program using an alleged nonprofit called Feeding Our Future.
- In February 2025, a Philadelphia store owner was sentenced to prison, to pay $1,841,402 in restitution, and to forfeit the proceeds of her offenses for defrauding the U.S. government.
- In August 2025, the owner of a Chicago grocery store was sentenced to federal prison for fraudulently redeeming more than $8.3 million in benefits under SNAP and WIC.

Welfare Abuse Drives Tax Hikes, Squeezing Christmas Budgets

As welfare and entitlement program abuse rises, the average American can be financially impacted.

As employers are responsible for paying unemployment insurance, pervasive fraud can lead to a rise in employee payroll tax rates and a decrease in wages and an increase in prices for goods and services.

Impact Of Welfare Fraud On The American People

Executive Summary

The rampant abuse of welfare programs over the past several years, including billions stolen during the COVID-19 pandemic, has created a public perception that fraud has become pervasive and extensive across many government programs.

As highly publicized evidence of fraud increases, hardworking Americans are paying the cost in higher taxes and less take-home pay.

Evidence of Welfare Fraud

Government programs have been identified as suffering from extensive fraud over the years:

- SNAP benefits, used to provide food to low-income families, is a common target for welfare fraud, with an estimated $1.27 billion stolen annually between 2015 and 2017.
- In Fiscal Year 2024, the Government Accountability Office estimated $162 billion in improper Medicaid payments.
- In Arizona, large scale behavioral health billing fraud targeting the American Indian Health Program resulted in over 100 indictments and over $125 million recovered to date.
- During the COVID-19 pandemic, the Government Accountability Office identified estimated fraud of unemployment insurance programs as between $100 billion and $135 billion.
- In May 2020, an audit of the Mississippi Department of Human Services found that over $90 million in welfare grants and other funds were misspent by state officials.

In addition to widespread fraud, welfare programs have been targeted by criminals to steal money from government programs for personal gain:

- In March 2025, two individuals were convicted for their role in a $250 million fraud scheme from a federally funded child nutrition program using an alleged nonprofit called Feeding Our Future.
  - 47 individuals were charged in relation to defrauding this program, claiming to be serving thousands of children a day around Minnesota.
  - This scam stole approximately $3.4 million in federal funds in 2019 to nearly $200 million in 2021. Additionally, Feeding Our Future received more than $18 million in administrative fees to which it was not entitled.
  - The defendants used the proceeds of their fraudulent scheme to purchase luxury vehicles, residential and commercial real estate in Minnesota as well as property in Ohio and Kentucky, real estate in Kenya and Turkey, and to fund international travel.
  - During the trial of seven of the individuals charged in the Feeding Our Future Scandal, one of the jurors received a bag with $120,000 and a promise for another bag if the juror voted for acquittal.

- In February 2025, a Philadelphia store owner was sentenced to prison for defrauding the Supplemental Nutrition Assistance Program.
    - Jenny Espinal Tejada was sentenced to 18 months in prison, $1,841,402 in restitution, and forfeiture of the proceeds of her offenses, for defrauding the U.S. government.
    - Espinal Tejada used her grocery store to redeem SNAP benefits despite not being approved to participate in the program.
    - Espinal Tejada used misappropriated identification numbers to work around SNAP, abusing the program by trading benefits for cash in her store.
- In March 2024, an Atlanta meat market owner was sentenced to prison for a $10 million scheme to purchase SNAP benefits from low-income recipients.
    - Uttam Halder loaned his EBT terminal to two different stores, each of which agreed to share profits with Halder. Both stores made cash payments to customers in return for redeeming their SNAP benefits at the rate of roughly 50 cents on the dollar.
    - Over a six year period, terminals owned by Halder collected more than $10 million in fraudulent redemptions of SNAP benefits, and Halder shared a substantial portion of the profits.
    - Following his arrest in January 2021, Halder was released on bond. Contrary to his bond conditions, Halder fled and became a fugitive in late 2022. In June 2023, foreign authorities in Turkey located Halder when he attempted to enter Istanbul from Cancun, Mexico with a fake passport. Halder was returned to the United States and placed into custody.
    - Uttam Halder, 43, of Decatur, Georgia, has been sentenced to 68 months of incarceration, followed by three years of supervised release, and ordered to pay restitution in the amount of $10,340,986. On September 19, 2023, Halder pleaded guilty to one count of conspiracy to commit wire fraud and one count of failure to appear.
    - His co-conspirator, Paltu Roy, 51, of Stone Mountain, Georgia, pled guilty to one count of conspiracy to commit wire fraud on December 9, 2021. Roy was sentenced on April 20, 2022, to three years and one month in prison, followed by three years of supervised release, and ordered him to pay $3,071,235 in restitution to the USDA.
- In August 2025, the owner of a Chicago grocery store was sentenced to federal prison for fraudulently redeeming more than $8.3 million in benefits under SNAP and WIC
    - Yousef Aby Alhawa owned a grocery store in Chicago's Southwest side, where he fraudulently redeemed SNAP and WIC Benefits for non-eligible items or cash, totaling more than $8.3 million.
    - Alhawa was sentenced to a 42-month prison sentence and to pay $8.9 million in restitution to the U.S. Treasury, IRS, and State of Illinois.
- In September 2024, a California woman was sentenced to prison for fraudulent scheme to steal California unemployment benefits

- Kaymeisha Keyes, 33, of Tracy, was sentenced to nine years in prison for wire fraud and aggravated identity theft in a scheme to defraud the unemployment insurance benefit program during the COVID-19 pandemic
- Between April 2020 and August 2021, Keyes executed a scheme to defraud the California Employment Development Department (EDD) by filing more than 70 fraudulent unemployment benefit claims under various pandemic era unemployment programs.
- Keyes admitted to seeking over $2 million in unemployment insurance benefits, receiving over $1.1 million, and being ordered to pay $1,116,683 in restitution.

Impacts On Americans

As welfare and entitlement program abuse rises, the average American can be financially impacted:

- As employers are responsible for paying unemployment insurance, pervasive fraud can lead to a rise in employee payroll tax rates and a decrease in wages and an increase in prices for goods and services.
- As taxes potentially increase to compensate for funds stolen due to welfare fraud, higher taxes Americans could have lower take-home pay and less disposable income for the holiday season.
- Additionally, even the appearance of fraud can lead to a rise in expectations about higher taxes, leading households to reduce discretionary spending in favor of cautious spending.

Holiday Spending Increases

As Americans approach the holiday season, expected spending continues to rise:

- In the 2025 holiday season, Gallup estimates the average American household is expected to spend over $1,007.
- This amount is similar to the historically elevated $1,014 Gallup predicted at this time in 2024, but up from $923 in 2023.
- The National Retail Federation reported that the 2024 holiday season sales totaled approximately $994.1 billion, more than double 2004's figure of $467.2 billion