



Office of the Commissioner

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March 24, 2025

Dear Chair O'Driscoll, Chair Her and members of the House Commerce Committee,

I sincerely appreciate the opportunity to provide input on an important matter. I know we share the same goal of doing what is best for Minnesota and effectively combating all types of fraud across the state.

The Department of Public Safety (DPS) has concerns regarding HF 2522. The best way to highlight how this bill would hinder our state's ability to combat fraud is to provide this committee with updates regarding the Bureau of Criminal Apprehension's (BCA) new Financial Crimes and Fraud Section.

Team Integration

The transition and integration of the Commerce Fraud Bureau and BCA Financial Crime teams has been highly successful. The former Director of the Commerce Fraud Bureau (CFB) is now serving as the Special Agent in Charge (SAIC) of the new section, and other former CFB employees have brought their expertise while benefiting from the existing knowledge within the BCA Financial Crimes Unit. Feedback from the former CFB agent association indicates broad support and excitement for this combined unit, as it offers enhanced opportunities, resources, and support.

Operationally, the transition from Commerce to DPS/BCA—including the integration of data systems, case management, equipment, and vehicles—is complete and was pretty seamless.

Increased Efficiency, Transparency and Oversight

We've identified several efficiencies that demonstrate how the new section is already gaining capacity and making improvements in transparency and oversight:

- **Digital Forensics:** At the BCA, digital forensic work is performed by dedicated forensic scientists in an ANAB-LAB accredited lab, allowing higher quality and faster results. Agents can now focus solely on investigations, enhancing productivity.
- **Cryptocurrency Expertise:** Combining teams has centralized cryptocurrency work, enabling the state to grow its expertise and eliminate redundancies.
- **Centralized Administration:** Tasks such as contract and grant management, purchasing and procurement, agent training and fleet management are now centralized, freeing the SAIC to focus on the section's mission rather than administrative responsibilities.
- **Resource Alignment:** Non-mission-critical task force work has been realigned to focus on the priorities of the new unit—insurance fraud, wage theft, financial crimes, and state program fraud.
- **Statewide Support:** The BCA's expertise in complex criminal investigations ensures trust and efficiency in addressing all outlined priorities as well as additional investigative and analyst resources throughout Minnesota.
- **National Law Enforcement Accreditation:** The BCA is currently pursuing accreditation with the Commission on Accreditation of Law Enforcement Agencies (CALEA) which will ensure that

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Minnesota
State Patrol

Office of
Communications

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Office of
Pipeline Safety

Office of
Traffic Safety

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Marshal

fraud investigations comply with national standards to create more consistency, transparency and accountability. This is expected to be finalized in 2026.

- **Office of Legislative Auditor Recommendation:** The Office of the Legislative Auditor has previously recommended that there be a centralized state fraud investigative unit at the BCA for greater consistency and oversight.

This enhanced capacity has already enabled us to tackle state program fraud cases. Without this combined unit, Minnesota would lose its ability to fight fraud effectively and miss the opportunity to create a nationally recognized gold standard for combating criminal fraud.

Updated Legislation

We understand that improvement can always be made. After meeting with stakeholders, members of this committee, and others, we have introduced updated fraud language in HF 2603 as part of the Governor's Fraud Package. The DPS/BCA section starts in Article 6 at line 106.6. Key updates include:

- **Line 4.14:** Ensures that general funds appropriated to the BCA Financial Crimes and Fraud Section cannot be shifted to other purposes.
- **Line 107.20:** Requires the BCA to conduct insurance fraud investigations.
- **Line 108.8:** Mandates consultation with the Commissioner of Commerce for insurance assessment calculations.
- **Line 118.25:** Establishes the BCA Financial Crimes and Fraud Section, defining its focus and responsibilities.
- **Line 121.22:** Allocates 100% of assessments to insurance fraud investigations (up from 70%).
- **Line 120.32:** Introduces annual reporting requirements to Public Safety and Commerce committees.

This updated language is also included in the Governor's supplemental budget recommendation and mirrors the language in the linked bill.

HF 2522 Concerns

I understand that HF 2522 proposes reversing these changes. Such a rollback would hinder our state's ability to combat fraud effectively and provide the appropriate oversight and transparency. It would also take considerable effort and additional resources to reverse the multiple changes that have already been made.

I hope the updates we've made demonstrate our openness to feedback and our commitment to collaboration with the Commerce Committee and industry stakeholders as we move forward. We look forward to reporting back to this committee within the next year to update you on the progress and what has been accomplished as we've implemented these important changes to investigate and reduce criminal fraud in Minnesota.

Thank you,



Bob Jacobson
Commissioner