

FEBRUARY 2026

“At our Firm,
Your Estate Plan
is Not Business,
it’s Personal...”



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“February is the shortest month, so if you’re having a miserable month, try to schedule it for February.”

- Lemony Snicket

THE MINNESOTA SOMALI CHILDCARE SCANDAL

Before reading this article, let us be clear, this is not intended to be a political piece. As part of our monthly newsletter, we consider it our duty to keep you informed of the news, both domestic and international. As responsible citizens, though we may not necessarily be able to impact certain global issues, it is imperative we all stay informed. With that being said, let's get into it...



In late December 2025, a viral online video alleging fraud at several Minnesota daycare centers renewed national attention on longstanding federal and state fraud investigations connected to welfare and social services programs in the state. The video, posted by YouTuber Nick Shirley, showed dozens of child care facilities in the Minneapolis area that receive federal funding, asserting that some appeared empty or not serving children while claiming public funds. It quickly gained tens of millions of views and sparked increased scrutiny on how taxpayer money is spent.

The facilities highlighted in the footage were reportedly Somali-run daycare centers, given Minnesota's status as home to the nation's largest Somali population. The clip suggested that centers were receiving federal Child Care Assistance Program (CCAP) funds without providing genuine services, implying alleged misuse of those payments. The video's rapid spread prompted responses from federal authorities and state regulators.

Officials from the U.S. Department of Health and Human Services (HHS) responded by temporarily freezing federal child care payments to Minnesota, citing concerns about potential improper payments. The federal government demanded Minnesota provide detailed information on recipients of federal childcare funds, including attendance records, licenses, complaints, inspections, and oversight documentation by early January 2026.

State and federal agencies, including the FBI and the Department of Homeland Security (DHS), acknowledged they were intensifying investigations into alleged fraud connected with Minnesota daycare operations. FBI Director Kash Patel indicated that the Minnesota efforts follow earlier large-scale fraud probes in the state's social services systems, describing Minnesota as a "hub" for schemes that exploit federal funding programs. DHS officials released footage depicting federal agents conducting on-site visits in the Twin Cities as part of those efforts.

The renewed focus intersects with prior fraud scandals in Minnesota unrelated to the daycare sector. For example, the nonprofit Feeding Our Future, intended to distribute meals to vulnerable children during the COVID-19 pandemic, was at the center of one of the largest fraud prosecutions in the country. Federal prosecutors alleged that the nonprofit and its associates exploited federal food funding, resulting in more than 50 convictions and charges including wire fraud, money laundering, and conspiracy. Most defendants in that case were Somali Americans, further adding to scrutiny of fraud within social services in areas with sizable Somali communities.

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INTRODUCTION

For most people, February often arrives with a sense of relief. The whirlwind of January has settled, the gym crowds begin to thin out, and families ease back into their routines. The rush of the Winter break starts to dissipate only to be met with the intensity that a new year brings. This shorter month, often overlooked, offers a unique opportunity to re-center on what matters most: relationships.

While Valentine's Day is a convenient reminder to celebrate love, the deeper invitation is to strengthen all of our bonds — with spouses, children, colleagues, and communities. In estate planning, as in life, listening well and connecting deeply create the strongest structures.

This month, take time to pause. Check in on your family's rhythms. Are you eating together often enough? Do you know what your kids are excited about at school? Have you asked your parents about their plans for the year ahead? These conversations, though ordinary, often shape legacies more than legal documents ever can. As you do so, remember that our firm is here not only to handle the technical pieces of your plan, but to ensure they reflect your real values and the people you love most.

GIFTING STRATEGIES FOR AFFLUENT FAMILIES IN 2026

For families experiencing strong financial years in 2026, gifting remains one of the most flexible and effective ways to transfer wealth, reduce future estate exposure, and support children or loved ones while you are alive to see the impact. With the federal estate tax exclusion maintained at historically high levels, gifting strategies can be tailored more intentionally—ranging from simple annual gifts to advanced planning techniques designed for liquidity events or concentrated wealth.

The most straightforward tool remains the annual gift tax exclusion. In 2026, individuals may gift up to the annual exclusion amount per recipient each year without using any of their lifetime estate and gift tax exemption and without filing a gift tax return. For married couples, this amount can be doubled through gift-splitting. Annual exclusion gifts are often used to fund education, assist with home purchases, or gradually transfer wealth to younger generations in a predictable, low-friction manner. Over time, consistent annual gifts can move significant assets out of an estate with minimal administrative burden.



For families with larger estates or those anticipating future appreciation, lifetime exemption gifting remains an important planning option even with the estate tax exclusion intact. Making gifts during life allows future growth to occur outside the taxable estate, which can be particularly powerful when gifting assets expected to appreciate, such as interests in closely held businesses, real estate, or investment portfolios. These transfers often involve valuation discounts and require careful documentation, but they can substantially reduce long-term estate exposure.

What about those of you facing what I call a liquidity event—such as the sale of a business, professional practice, or large investment holding—in this instance, more sophisticated strategies are often warranted. One planning tool commonly considered in these situations is a Deferred Sales Trust (DST). A DST allows sellers to defer capital gains taxes by selling assets to a properly structured trust in exchange for an installment obligation. Rather than recognizing the full gain in the year of sale, taxes are spread over time as payments are received. While not appropriate for every transaction, this structure can provide flexibility, tax deferral, and cash-flow management for families facing a large one-time payout.

Affluent families may also consider installment sale strategies outside of a trust context. An Installment Sales Contract allows the seller to recognize gain proportionally over time as payments are received, rather than all at once. This approach can be effective when selling real estate, business interests, or other illiquid assets to third parties or to family members under properly structured terms. Installment sales can smooth taxable income, reduce exposure to higher marginal rates, and align cash flow with long-term planning goals.

For families focused on multigenerational planning, gifting through trusts remains a cornerstone strategy. Irrevocable trusts can be designed to protect assets from creditors, divorces, and estate taxation while still providing beneficiaries with access under defined terms. Parents and grandparents often combine annual exclusion gifts with trust structures to fund education, provide long-term support, or establish family legacy planning vehicles. Trust-based gifting also allows families to maintain governance and control over how assets are used.

Charitable gifting continues to play a role for families with philanthropic goals. Donor-advised funds, charitable trusts, and outright charitable gifts can provide income tax benefits while aligning wealth transfer with personal values. For those experiencing liquidity events, charitable planning can be integrated alongside installment or deferral strategies to further optimize tax outcomes.

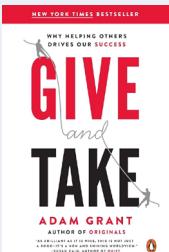
Whether using simple annual gifts, advanced trust structures, or deferral techniques tied to significant transactions, the key is coordination—aligning tax planning, estate goals, and family priorities. As always, these strategies work best when implemented proactively and in consultation with legal, tax, and financial advisors who can tailor solutions to a family's unique circumstances. Thoughtful gifting not only reduces future tax exposure, but also allows families to see the meaningful impact of their wealth today.

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In response to the viral daycare allegations, Minnesota regulatory officials noted that prior inspections had been conducted on many of the centers named in the video and that most held active licenses. Some centers were cited for health and safety violations, but state regulators said such findings did not constitute proof of fraud.

In summary, the Minnesota Somali daycare situation centers on allegations of fraud in federally funded childcare programs, brought into the spotlight by social media content and intersecting with existing federal fraud investigations in the state. Authorities have responded with audits, funding freezes, expanded inquiries, and planned legislative hearings to determine whether funds were improperly claimed and to improve safeguards in program administration. Investigations remain active, with outcomes and conclusions pending further review and potential legal actions.

Whatever your personal opinion is on what is currently happening, this highlights what seems to be an on-going theme as long as politics have permeated society – corruption. The sad part is though we always hoped such events only happened ‘abroad’, it is reasonable to believe that even our great nation is not immune to subversion. It would behoove us all to be more involved in our local community. Good luck to us all, and let’s see what this investigation concludes.



BOOK REVIEW –

ADAM GRANT: GIVE And TAKE

Adam Grant's *Give and Take* turns conventional wisdom upside down. In a world that often rewards self-promotion and competitiveness, Grant makes the case that generosity, done wisely, is the true driver of long-term success. He categorizes people into givers, takers, and matchers, and shows through research and storytelling that those who learn to give strategically often outperform their peers in both business and life.

What makes the book compelling can be found in its nuance. Grant is careful to warn against naive giving, the kind that leaves people depleted or exploited. Instead, he describes a model of 'otherish' giving — generous but boundary-ed (He should make a case for making up verbs, but we're here for it! 😊). These givers look for ways to help others in efficient, sustainable ways, such as making thoughtful introductions, mentoring within clear limits, or sharing knowledge generously without taking on everyone else's burdens. In one's personal life, one can think of when we do the 'easy give', such as provide \$5 to provide a sense of accomplishment. Other times, maybe a five minute conversation can lead to a connection that could help that same individual. Not that one is necessarily 'better' than the other, simply that you can think of 'deeper' ways to help. This is our own interpretation however, let's get back into the book...

Grant peppers his argument with vivid examples: Fortune 500 CEOs who credit their success to networks built through helping, teachers who inspire by investing extra time in their students, even medical professionals whose commitment to care reshapes entire hospital cultures. In every story, the common thread is that those who contribute meaningfully, without expectation of immediate return, build reputations and networks that compound over time.

The lesson for us is clear: whether in business, family, or community, the choice to give creates ripples that outlast any transaction. In planning your estate, leading a team, or raising a family, this mindset can shift the focus from short-term gains to lasting impact. Grant reminds us that success is not about outshining others, but about uplifting them.

Whether it is age or experience, as a firm, we collectively feel more and more connected to our mission to provide an estate plan that represents our clients's family and financial values. In a world that is so polarized, certain ideals keep us together – family and ideals.

Cooking Together as a Family — A Recipe for Connection

Few family memories are as vivid as those made in the kitchen. The clatter of pans, the smell of onions on the stove, the laughter that follows a small disaster like dropping flour on the floor — all become part of the story families tell for years. Cooking together is not simply about producing meals; it is about producing connection.



When parents invite children into the kitchen, they are offering more than a task. They are offering trust, responsibility, and the chance to contribute. A young child washing vegetables learns patience. A teenager asked to stir the sauce gains confidence in their ability to help. Spouses who split duties learn the rhythm of teamwork. And when the meal is shared at the table, there is a collective sense of accomplishment: 'We did this together.'

Cultural traditions often revolve around food for precisely this reason. Recipes passed down are more than instructions — they are inheritances. A grandmother's bread recipe or a father's barbecue method carries with it not only flavor, but memory. Families who make space to cook together are not just feeding their bodies; they are nourishing their identity.

In our hurried world, cooking together also forces a pause. Phones stay on the counter. Conversations emerge naturally. Parents discover what their children are learning at school, children glimpse the stresses and hopes of their parents' day. The chopping, stirring, and tasting create a rhythm that slows life down just enough to notice one another again.

Though the season just passed us, Thanksgiving and Christmas time are often the period of the year when deep family connections are made. And yes, even though many memes make fun of the typical in-law conversations and get together, we want to encourage you to look at the positive side of it!

So this February, don't worry if the soufflé falls or the chicken is slightly overcooked. Those imperfections are what make the stories worth telling. What matters is that you stood shoulder to shoulder, creating something together. In the process, you didn't just make dinner — you made connection. And that, in the end, is what everyone at the table hungers for most.

FAMILY SPOTLIGHT

We are pleased to introduce James, the son of our Senior Paralegal, Taline Arthur. James celebrates his 14th birthday this February 14th and is currently an 8th-grade student preparing for high school.

A talented musician, James is the first chair bassist for both his middle school concert and jazz bands, playing both electric and double bass. He looks forward to continuing his musical journey in high school by joining the marching band. Academically, James excels in Advanced Placement (AP) courses and plans to enroll in his first college course at a local community college this summer.

James also enjoys the outdoors, frequenting the beaches of San Diego and going on camping trips. This spring, he will travel to Japan as part of an international studies program to explore the country's culture and cuisine.

His interest in engineering began in the 2nd grade with his invention of the "Quick Brick Lego Scooper," a vacuum attachment complete with a filmed commercial. He has already begun exploring engineering programs at universities such as Humboldt State and UCLA.

James has been a long-time supporter of Asset Protection & Elder Law Center. Since elementary school, he has created "commercials" for the firm as part of his coding studies and often shares our services, the best a kid can: "My mom and her team can help you write down who gets your Legos and Hot Wheels after you pass away."

Above all, James is a proud big brother to his little sister and a compassionate individual who lives by the motto, "Integrity is doing the right thing, even when no one is watching." His positive disposition and genuine nature are recognized by all who know him.





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What a month January has been! The year started off with more rain than California has seen in quite some time! As spoiled as we have been in years past, the rainfall was very necessary for our rather dry state.

But the theme of this month is to remind us that February shines a light on life's strongest structures, those built on connection. Contracts, trusts, and documents all matter — but they are most powerful when they reflect genuine relationships. As you step into the heart of this year, consider how you might listen more deeply, love more openly, and create more shared moments. Our role is to ensure your legal and financial planning supports those connections, freeing you to focus on what matters most. Here's to a February filled with warmth, not just from the calendar's holidays, but from the bonds you strengthen every day.

