

Office of Inspector General, USDA Investigation Developments

>> **June 30, 2009** <<

FOOD AND NUTRITION SERVICE: *Joint Investigation Results in Illinois Grocery Store Owner and Employee Being Sentenced and Ordered to Pay \$6.3 million in Restitution for SNAP Trafficking*

An OIG investigation conducted with the U.S. Secret Service disclosed that an Illinois grocery store owner and a store clerk conspired with at least five other retail grocery stores during March - September 2005 to defraud the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps). The fraud totaled approximately \$6.3 million and involved illegally exchanging SNAP benefits for cash. In March 2009, the store owner and the clerk pled guilty to wire fraud and a Federal court in Illinois sentenced the owner to 42 months of imprisonment, 36 months of supervised release, and ordered him to pay \$3.5 million in restitution. The clerk was sentenced to 41 months of imprisonment, 36 months of supervised release, and ordered to pay \$2.8 million in restitution.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE: *Florida Company Sentenced and Ordered to Pay \$475,000 for Conspiracy to Ship Contaminated Food*

In April 2009, a Federal district court in Florida sentenced a Florida company to 60 months of probation, fined it \$100,000, and ordered it to pay \$375,000 in criminal forfeiture for conspiracy to ship contaminated food. The OIG investigation, conducted jointly with USDA's Animal and Plant Health Inspection Service and the Immigration and Customs Enforcement (ICE) agency, revealed that the company conspired with three growers in Guatemala to ship vegetables contaminated with hazardous levels of pesticides into the United States. The company and three individuals pled guilty to conspiracy. One person was sentenced to 36 months of probation, fined \$10,000, and ordered to pay \$375,000 in criminal forfeiture. The other two were sentenced to 12 months and 24 months of probation, respectively.

FARM SERVICE AGENCY: *Joint Investigation Results in Illinois Farmer Sentenced for False Statements and Bankruptcy Fraud*

A joint investigation involving OIG, FBI, and the U.S. Postal Inspection Service determined that an Illinois farmer made false statements to obtain 2007 farm program payments on land he no longer owned, and conspired with his wife to commit bankruptcy fraud amounting to at least \$2.5 million. He pled guilty to false statements and bankruptcy fraud and was sentenced in April 2009 by a Federal court in Illinois to 10 years' imprisonment and 36 months of supervised release.

RISK MANAGEMENT AGENCY: Florida Farm Corporation Sentenced and Ordered to Pay \$402,000 in Restitution and Forfeit \$402,000 for Crop Insurance Fraud

An OIG investigation disclosed that a Florida farm corporation had received over \$402,000 in fraudulent crop insurance payments from July 2001 through June 2003. After pleading guilty to crop insurance fraud, the corporation was sentenced by a Federal court in the Middle District of Florida in April 2009 to five years' probation and was ordered to pay \$402,000 in restitution and forfeit \$402,000. The investigation was conducted jointly with the IRS Criminal Investigation Division and the Special Investigations Branch of USDA's Risk Management Agency's (RMA).

FOOD AND NUTRITION SERVICE: *Joint Investigation into SNAP Trafficking Results in Maryland Store Owner Being Sentenced and Ordered to Pay \$319,000 in Restitution*

An OIG investigation conducted with the Police Department of Hagerstown, Maryland, disclosed that a store owner had been trafficking in SNAP benefits at his Hagerstown store. After pleading guilty to SNAP trafficking, he was sentenced in Federal court in March 2009 to 18 months of imprisonment, 36 months of supervised release, and ordered to pay \$319,000 in restitution.

FOREST SERVICE: *In Wisconsin, Former Forest Service Employee Sentenced and Ordered to Pay \$320,000 in Restitution for Misuse of Purchase Card Convenience Checks*

As a result of an OIG investigation, a former Forest Service (FS) employee pled guilty to one count of theft. The OIG investigation disclosed that the former employee misused Purchase Card Convenience Checks and misappropriated almost \$320,000 over a four year period. In May 2009, a Wisconsin Federal court sentenced her to 12 months of imprisonment, 36 months of supervised release, and ordered her to pay \$320,000 in restitution.

RISK MANAGEMENT AGENCY: *Florida Farm Corporation Sentenced, Ordered to Pay \$1.1 million in Restitution for Crop Insurance Fraud; Farmer Sentenced and Ordered to Pay \$460,000 for Tax Evasion*

An investigation conducted by OIG, IRS, and RMA's Special Investigations Branch revealed that a Florida farming entity operated by a married couple received over \$1 million in fraudulent crop insurance payments from July 2001 through June 2004. One spouse pled guilty to filing a false tax return for 2004. In March 2009, a Florida Federal court sentenced her to 36 months of imprisonment, 3 months of home confinement, 12 months of probation, and ordered her to pay \$460,000 in taxes and penalties to IRS. The court also sentenced the corporation to 60 months of probation and ordered it to pay \$1.1 million in restitution for crop insurance fraud.