

Office of Inspector General, USDA Investigation Developments

~ April 15, 2011 ~

FOOD AND NUTRITION SERVICE: *Previously Deported Connecticut Man Re-enters U.S. and Engages in Second SNAP Scheme*

An OIG investigation revealed that a Connecticut man deported for SNAP (Supplemental Nutrition Assistance Program) fraud illegally re-entered the United States and engaged in a new \$1.6 million fraud conspiracy. Assisted by his wife and brother, the man opened multiple grocery stores using different names. Individuals were paid for use of their names on FNS paperwork required for SNAP participation. The stores thereafter illegally exchanged SNAP benefits. In February 2011 the man pled guilty in Federal court in Connecticut to SNAP fraud conspiracy and sentencing is set for June 2011. Additional action is pending for the remaining co-conspirators.

NATURAL RESOURCES CONSERVATION SERVICE: *Joint Investigation Results in Alabama Corporation Employee Being Sentenced and Ordered to Pay \$83,000 in Restitution for Theft*

An OIG investigation conducted with the Alabama Bureau of Investigation disclosed that a corporation employee who received Federal funding through NRCS cooperative agreements embezzled over \$87,000 from 2001-2007. The employee pled guilty to a one count violation of theft of Federal funds. In March 2011 a Federal court in Alabama sentenced the employee to five months of imprisonment, five months of home confinement, and \$83,000 in restitution.

FOREIGN AGRICULTURAL SERVICE: *Joint Investigation Results in Maryland State Court Sentencing FAS Employee and Ordering Restitution for False Statements to Receive Benefits*

A joint investigation with the Department of Housing and Urban Development (HUD) OIG revealed that an FAS employee altered her USDA pay statements to falsely show reduced earnings. She subsequently submitted the falsified documents to the Maryland Department of Social Services as proof of eligibility for SNAP and HUD housing benefits. The employee pled guilty to making false statements to receive food and housing subsidy benefits. In January 2011 a Maryland State court sentenced her to two years of unsupervised probation and ordered her to pay \$5,300 in restitution.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE: *Joint Investigation Results in Washington Man Being Sentenced in Dog Fighting and Weapons Possession Case*

A joint investigation¹ revealed multiple criminal violations by a Washington man with a prior felony conviction. OIG commenced an investigation after local police found dogs and dog

¹ USDA OIG conducted the investigation with Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) and local law enforcement officials.

fighting paraphernalia at the man's residence when they arrested him on domestic violence charges in 2009. During an arrest and seizure operation in 2010, the man was taken into custody and eight pit bulls and a weapon were seized. He pled guilty to being a felon in possession of a firearm. In January 2011 a Federal court in Washington sentenced him to four years of imprisonment and two years of probation. The individual will be prohibited from owning, breeding, or possessing any dogs during his probation.

FOOD AND NUTRITION SERVICE: *State Court Sentences North Carolina Nutrition Program Sponsor and Orders Restitution of \$242,000 for Obtaining Property by False Pretenses*

An OIG investigation worked with the North Carolina State Bureau of Investigation disclosed that a Child and Adult Care Food Program (CACFP) sponsor submitted false claims to the State's Department of Health and Human Services. The individual received more than \$240,000 in CACFP funds to which she was not entitled. State auditors found that the individual did not perform required computer verification of child care provider claims and paid providers amounts that were lower than the commensurate funding she received from the State. The individual pled guilty to 10 state felony charges of obtaining property by false pretenses. In January 2011 a North Carolina State court sentenced her to 15-18 months of imprisonment, five years of probation, and ordered her to pay \$242,000 in restitution.

FARM SERVICE AGENCY: *Alabama Farmer Sentenced and Ordered to Pay \$58,000 in Restitution for Theft of FSA Loan Funds*

An OIG investigation disclosed that an Alabama farmer received an FSA operating loan of \$155,000 to purchase cattle and equipment in order to start a cattle operation. However, he purchased fewer cattle than required and used at least \$58,000 of the loan proceeds for unauthorized personal expenses. He pled guilty to one count of theft of public money. In January 2011 a Federal court in Alabama sentenced him to 15 months of imprisonment, three years of supervised release, and ordered him to pay \$58,000 in restitution to FSA.

FOOD AND NUTRITION SERVICE: *Investigation Results in Michigan Store Owner Being Sentenced and Ordered to Pay \$402,000 in Restitution for Fraud and Illegal Money Transfer Business*

An OIG investigation conducted with the FBI revealed that the two owners of a Michigan convenience store and their employees trafficked approximately \$380,000 in illegal SNAP benefits since November 2005. The investigation further revealed that the store owners operated an illegal money transfer business ("hawala") in conjunction with a second Michigan store that OIG investigated. One owner pled guilty to six counts related to SNAP and Women, Infants, and Children program fraud and operating an illegal money transfer business. The owners were sentenced separately by a Federal court in Michigan to five years of imprisonment and ordered to pay \$402,000 in restitution, jointly and severally.