

Office of Inspector General, USDA Investigation Developments

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FOOD AND NUTRITION SERVICE: *Florida Store Owner and Brothers Sentenced, Ordered to Pay \$1.22 Million in Restitution and Forfeiture and to Forfeit Cadillac Escalade for SNAP Fraud*

An OIG investigation disclosed that the owner of a Florida grocery store and his two brothers, both of whom worked at the store, conspired to commit Supplemental Nutrition Assistance Program (SNAP) fraud and money laundering. OIG agents revealed that the three brothers illegally exchanged SNAP benefits for cash and ineligible items on numerous occasions over a one year period. All three brothers pled guilty to conspiracy. In **September 2011**, a Federal court in North Carolina sentenced the owner to 30 months' imprisonment, and his two brothers were each sentenced to 33 months' imprisonment. All three men were ordered to pay \$857,000 in restitution to the Federal Government, jointly and severally. The court also ordered forfeiture of \$364,000 in cash and a Cadillac Escalade that were seized during the investigation.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE: *USDA Laboratory Technician in Iowa Sentenced and Fined for Selling Veterinary Drugs to Co-workers*

OIG agents revealed that an Animal and Plant Health Inspection Service (APHIS) biological laboratory technician in Iowa had ordered prescription veterinary drugs using other people's names and sold the medications to other APHIS employees. The employees used the drugs to treat themselves and family members for various medical conditions. Approximately 67 of the drugs that the technician sold require a prescription from a licensed physician. The technician admitted that she ordered, delivered, and obtained payment for the drugs during work hours at the APHIS laboratory using Government telephones and computer systems. She pled guilty to one count related to shipping drugs in interstate commerce that require a prescription and are unsafe except under supervision of a physician. In **August 2011**, a Federal Court in Iowa sentenced the technician to one year of probation and fined her \$250. Twelve other USDA employees who participated in the scheme were suspended, three resigned, and one was removed from Federal service.

FOOD AND NUTRITION SERVICE: *Former Georgia State Employees Sentenced and Ordered to Pay a Total of \$650,000 in Restitution for Conspiracy to Commit Mail Fraud Related to SNAP*

OIG agents revealed that two former employees of the Georgia Division of Family and Children Services had created false applications for SNAP benefits that resulted in benefits being paid to fictitious recipients. This resulted in a loss to the Federal Government of approximately \$900,000. In **September 2011**, a Federal court in Georgia sentenced the men for conspiracy to commit mail fraud and mail fraud. The first former employee was sentenced to 33 months of

incarceration and a total of \$577,000 in restitution. The second former employee was sentenced to 21 months of incarceration and \$73,000 in restitution, to be paid jointly and severally with his co-conspirator.

FARM SERVICE AGENCY: *North Dakota Farmer Sentenced and Ordered to Pay \$280,000 in Restitution for False Statements Regarding FSA Loans*

An OIG investigation disclosed that a North Dakota farmer made false statements to FSA and a local credit union, wherein he exaggerated the size of his cattle herd in order to obtain a total of \$477,000 in loans from Farm Service Agency (FSA) and the credit union. The farmer was originally charged on counts of false statements, loan fraud, and bank fraud. He pled guilty to one count of making false statements. A Federal court in North Dakota sentenced him in **August 2011** to two years of probation and restitution of \$280,000 to FSA.

FOOD AND NUTRITION SERVICE: *Oklahoma Food Store Owner Sentenced and Ordered to Pay \$326,000 in Restitution for SNAP Trafficking*

OIG agents investigated multiple convenience stores in the Oklahoma City area and revealed that store owners and employees at 18 different locations were trafficking in SNAP benefits. More than 20 subjects were arrested in **October 2010**. One owner pled guilty to trafficking \$652,000 in SNAP benefits. A Federal court in Oklahoma sentenced him in **August 2011** to two years' imprisonment and ordered him to pay \$326,000 in restitution for SNAP trafficking. Individuals tied to the other stores that were trafficking in lesser amounts of benefits are being prosecuted in Oklahoma State District Court. Additionally, the Oklahoma City District Attorney's Office is prosecuting SNAP recipients who sold or exchanged their benefits for non-food items.

RISK MANAGEMENT AGENCY (RMA): *Ongoing Tobacco Fraud Investigation in North Carolina Results in Additional Sentences and Restitution Order Totaling \$134,000*

The OIG investigation into a large crop insurance fraud scheme in North Carolina continues to produce guilty pleas, convictions, and orders of monetary restitution to the Federal Government. OIG agents disclosed that a wide-ranging conspiracy to file false crop insurance claims included farmers, warehouse operators, insurance agents, and loss adjusters. The most recent development was a producer's guilty plea for making false statements related to the Federal Crop Insurance Program and the Crop Disaster Program, and to Aiding and Abetting. A Federal court in North Carolina sentenced the farmer in **September 2011** to one day of incarceration, three years of probation, and ordered him to pay restitution totaling \$134,000 to RMA, FSA, and a crop insurance company. The judge also ordered that he be excluded from all USDA programs for two years beginning in **2011**. To date, OIG's continuing investigation has resulted in more than 20 individuals pleading guilty to various crimes.

FOOD AND NUTRITION SERVICE: *Arkansas Woman Sentenced and Ordered to Pay Restitution of \$201,000 for Fraud Related to SNAP, WIC, and Social Security Benefits*

OIG agents disclosed that during a 1-year period, an individual in Fort Smith, Arkansas, willfully altered approximately 950 vouchers in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The individual inflated the value of vouchers she had submitted for legitimately purchased items. OIG agents estimated that the individual defrauded the WIC program of approximately \$133,000. OIG's investigation also revealed that she had committed fraud in SNAP and a Social Security benefits program. Three banks suffered losses of over \$8,000 as a result of paying the inflated voucher amounts. She pled guilty to one count of obtaining funds related to the Child Nutrition Act and one count of concealing a material fact concerning social benefits. In **October 2011**, a Federal court in Arkansas sentenced the individual to 2 years' imprisonment, 3 years of supervised release, and ordered her to pay \$201,000 in restitution to USDA, the Social Security Administration, and three banks.

FOOD AND NUTRITION SERVICE: *Michigan Store Owner and Employees Sentenced, Ordered to Pay \$237,000 for SNAP Fraud, WIC Fraud, and Money Laundering*

An OIG investigation revealed that the owner and three employees of a small gas station in Grand Rapids, Michigan, had participated in a trafficking scheme in which they illegally exchanged cash, cell phone credits, and cigarettes for SNAP and WIC benefits. The owner and his wife pled guilty to conspiracy, food stamp fraud, WIC fraud, and money laundering. Two employees pled guilty to similar charges. In **July 2011**, a Federal court in Michigan sentenced the owner to 27 months of imprisonment, a \$20,000 fine, and ordered him to pay \$197,000 in restitution, jointly and severally with the other defendants. In addition, the owner forfeited his 2002 BMW sedan that was seized during the investigation. The owner's wife was also an employee, and she was sentenced to 1 year of home confinement and fined \$10,000. She was ordered to pay \$197,000 in restitution, jointly and severally with the other defendants.

The two employees not associated with ownership of the store are expected to be deported in the near future. One was sentenced to 21 months of imprisonment, fined \$10,000 and ordered to pay, jointly and severally, \$197,000 in restitution. The remaining employee was sentenced to 2 years of supervised release and ordered to pay \$29,000, jointly and severally.