

Office of Inspector General, USDA Investigation Developments

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RURAL BUSINESS SERVICE: *Joint Investigation Results in Kentucky Business Owners Being Sentenced, Ordered to Pay \$4.5 Million in Restitution for Bank Fraud, Mail Fraud, and Money Laundering*

An investigation conducted by OIG and other Federal entities disclosed that two Kentucky businessmen fraudulently used the same collateral to secure two bank loans for separate companies they owned. The loans were guaranteed by USDA's Rural Business Service. Both owners pled guilty to bank fraud, mail fraud, and money laundering. A Federal court in Kentucky sentenced the owners in February 2009 to 30 months and 27 months of imprisonment, respectively, and held them jointly and severally liable for over \$4.5 million in restitution. The other Federal entities participating in the investigation were FBI, IRS, and the Tennessee Valley Authority (TVA) OIG.

FOOD AND NUTRITION SERVICE: *Florida Grocery Store Owners Sentenced, Ordered to Pay \$3.3 Million in Restitution for Conspiracy to Commit SNAP Fraud, Wire Fraud, and Money Laundering*

An OIG investigation disclosed that during 2003 - 2005, the owners of two Florida grocery stores and the sister of one of the owners conspired to illegally exchange Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) benefits for cash through their retail grocery stores. The estimated loss to USDA was \$3.3 million. The store owners were charged in the Southern District of Florida with conspiracy to commit SNAP benefit fraud, wire fraud, and money laundering. In October 2008, one of the owners was sentenced to 37 months of imprisonment and ordered to pay \$1.7 million in restitution. In December 2008, the second owner was sentenced to 37 months of imprisonment and was ordered to pay \$1.5 million in restitution with his sister, jointly and severally. The sister was sentenced in December 2008 to 24 months of imprisonment.

RURAL UTILITIES SERVICE: *OIG Broadband Audit Leads to Criminal Investigation - Texas Company and Two Officers Sentenced, Ordered to Pay \$429,000 in Restitution*

OIG initiated a criminal investigation into a Texas company based on findings from our 2005 audit of the Rural Utilities Service (RUS) broadband program. The OIG investigation disclosed that the company received \$347,000 in RUS access grants for work to install transmission equipment; the company falsely certified the work as having been completed. In December 2008, the corporation and two corporate officers pled guilty to theft of public monies. A Federal court in the Northern District of Texas in February 2009 sentenced the corporation and the corporate officers to 60 months of probation and ordered them to pay \$429,000 in restitution, jointly and severally.

FOOD AND NUTRITION SERVICE: *University of California Employee Sentenced, Ordered to Pay \$129,000 in Restitution for Theft of Government Funds*

Based on information provided by the University of California Police Department, OIG conducted an investigation of a university employee. The OIG investigation disclosed that the fifteen-year university employee had embezzled approximately \$160,000 from a Food and Nutrition Service nutrition education program for SNAP recipients. The employee had used nutrition education grant monies to buy consumer electronic products (computers, iPods, etc.) for personal use and resale to others. During the execution of search warrants, OIG recovered over \$31,000 in property that had been purchased with the embezzled funds. The employee pled guilty to one count of theft of Government property, money, or records. A Federal court in the Eastern District of California sentenced the employee to 12 months of imprisonment, 36 months of supervised release, and ordered her to pay \$129,000 in restitution.

FOOD AND NUTRITION SERVICE: *Illinois Grocery Store Employee Sentenced, Ordered to Pay \$863,000 in Restitution for SNAP Trafficking*

An OIG investigation revealed that a retail grocery store owner and employee in Chicago were involved in trafficking in SNAP benefits by illegally exchanging SNAP benefits for cash. During OIG's execution of a search warrant, the store owner and the employee admitted the SNAP trafficking. A Federal court in Illinois sentenced the store employee in February 2009 to 21 months of imprisonment and ordered him to pay \$863,000 in restitution for his role. The store owner is currently a fugitive.

FOREST SERVICE: *Former Forest Service Firefighter Sentenced, Order to Pay Restitution for Illegal Use of Government Purchase Card*

An OIG investigation revealed that a former FS firefighter illegally used his Government-assigned purchase card to charge over \$31,000 in personal items. The employee had used the card to make most of these purchases while on medical leave from the office. He pled guilty in October 2008 to one count of theft of Government funds for his illegal purchases. In February 2009, he was sentenced in the Central District of California to 60 months of probation and was ordered to pay \$5,000 in restitution.

FOOD AND NUTRITION SERVICE: *Joint Investigation Results in Former New York Store Owner Being Sentenced, Ordered to Forfeit \$350,000 for Conspiracy to Commit Bank Fraud and SNAP Benefits Trafficking*

An investigation conducted by OIG and IRS disclosed that during a four-month period in 1994, a retail grocery store owner in New York City trafficked in SNAP benefits in excess of \$300,000 and laundered the funds. The former store owner was apprehended in April 2008 after having been a fugitive for almost 13 years. He pled guilty to conspiracy to commit bank fraud and SNAP benefits trafficking. He was sentenced in January 2009 to 8 months of imprisonment and was ordered to forfeit \$350,000.