

Office of Inspector General, USDA
Investigation Developments

January 16, 2013

Minnesota Store Owner Captured in Belize After Fleeing SNAP Fraud Conviction Receives Additional Prison Sentence and Faces \$2.4 Million in Restitution (Food and Nutrition Service - FNS)

A store owner from St. Paul, Minnesota fled the country in 2012 rather than surrendering to serve 41 months in prison (and pay \$2.4 million in restitution) after a being convicted for Supplemental Nutrition Assistance Program (SNAP) fraud. OIG's investigation had determined the storeowner was trafficking SNAP and WIC¹ benefits and committed fraud in excess of \$3 million. He was ordered to surrender to authorities in June 2012, but failed to appear.

The U.S. Marshals Service and USDA's OIG worked to locate him. He was detained by local authorities in Belize in September 2012 after a woman accused him of kidnapping. He was returned to the United States, held in the custody of the Bureau of Prisons, and charged with failure to appear. On November 29, 2012, in a Federal court in Minnesota, he pled guilty and was sentenced to an additional 12 months in prison. The judge stipulated that the individual report to a higher-level security prison as a result of his failure to appear conviction.

Michigan Convenience Store Employee Sentenced and Ordered to Pay \$60,000 in Restitution for Conducting a Criminal Enterprise (FNS)

On December 13, 2012, in Michigan State court, an employee of a Detroit convenience store where SNAP benefits were trafficked, was sentenced to 48 months' probation and ordered to pay \$60,000 in restitution. The OIG investigation disclosed that the store employee illegally exchanged SNAP benefits for ineligible items on a number of occasions. The store's SNAP redemptions far exceeded those of comparable stores in the area. The employee faced charges related to conducting a criminal enterprise and food stamp fraud. He pled guilty to conducting a criminal enterprise. OIG investigated this case jointly with the Michigan State Police through the Bridge Card Enforcement Team.

Indiana Store Manager Sentenced and Ordered to Pay \$1.4 Million in Restitution for Wire Fraud Involving SNAP (FNS)

On December 17, 2012, in Indiana Federal court, a man responsible for the operation of a restaurant and store in Gary, IN, that illegally trafficked in SNAP benefits was sentenced to 41 months in prison. He was also ordered to pay \$1.4 million in restitution. OIG agents disclosed that the man and his two sons illegally exchanged SNAP benefits for cash. On paper, one of the sons appeared to be the owner of the business, but the father actually ran day-to-day operations. During the course of OIG's investigation, OIG seized more than \$500,000 in cash and an undetermined amount of jewelry. All three individuals were charged with multiple counts of wire fraud, SNAP fraud, and accessory before the fact violations.

In April 2012, the father pled guilty to one count of wire fraud, and both sons pled guilty to one count of food stamp theft. The sons were sentenced to 12 months of probation in September 2012.

¹ Special Supplemental Nutrition Program for Women, Infants and Children.

Michigan Convenience Store Employee Sentenced and Ordered to Pay \$613,000 in Restitution for Conspiracy to Commit SNAP Fraud; Owner Also Sentenced (FNS)

On December 18, 2012, an employee of a small convenience store in Flint, MI, who trafficked in SNAP benefits was sentenced in Federal court in Michigan to 60 months in prison on a firearms charge. He was also sentenced to 18 months in prison, to be served concurrently, for conspiracy to commit SNAP fraud, and was ordered to pay \$613,000 in restitution, jointly and severally, with the store's owner. OIG's investigation determined that the storeowner developed a network of individuals who obtained SNAP electronic benefit transfer (EBT) cards from recipients, and thereafter made phone calls to the store where manual transactions were conducted. At times, EBT cards from as far away as Idaho were used to traffic SNAP benefits. Two employees, including the defendant, were arrested at the store in August 2011 for being felons illegally in possession of firearms. (Charges against the second individual were ultimately dismissed.) The storeowner was detained on immigration charges.

The defendant subsequently pled guilty to conspiracy to commit SNAP fraud. Additionally, the storeowner was found guilty on SNAP conspiracy charges. On January 8, 2013, the owner was sentenced to 51 months of incarceration and was ordered to pay \$612,980 in restitution payable to FNS.

Oregon Heroin Trafficker Sentenced and Ordered to Pay \$5,000 Restitution on SNAP and Drug Charges; Cash and Drugs are Seized (FNS)

On December 19, 2012, in Federal court in Oregon, a Portland woman who fraudulently received SNAP benefits and trafficked in heroin was sentenced to 63 months in prison for SNAP fraud. She was also sentenced to 63 months for Possession with Intent to Distribute, to be served concurrently, and ordered to pay approximately \$5,000 in restitution from money forfeited in the case. The joint investigation by OIG and the Portland Police Bureau disclosed that the woman and her husband had been dealing heroin since March 2011. She fraudulently applied for and received SNAP benefits while she and her spouse were actively engaged in heroin trafficking. When arrested in November 2011, approximately \$84,200 in cash was seized from the couple, as well as heroin and a firearm. The husband's sentencing is pending.

For Wire Fraud Involving SNAP, Chicago Fish Market Owner Sentenced and Ordered to Pay \$675,000 in Restitution; \$100,000 Seized from His Business (FNS)

On November 26, 2012, in Federal court in Illinois, the owner of a Chicago fish market who trafficked in SNAP benefits was sentenced to 33 months in prison and was ordered to pay \$674,886 in restitution. The man pled guilty to two counts of wire fraud in August 2012. A preliminary order of forfeiture was granted for the approximately \$100,000 seized from the store and its business account during the investigation.

Pennsylvania Food Store Owner Sentenced and Ordered to Pay \$225,000 in Restitution for SNAP Fraud (FNS)

On November 29, 2012, in Federal court in Pennsylvania, the owner of a Darby, PA, food store who trafficked in SNAP benefits was sentenced to 21 months in prison and was ordered to pay \$225,000 in restitution. OIG's investigation revealed that the store owner exchanged SNAP benefits for cash on multiple occasions. She was charged and pled guilty in May 2012 to one count of SNAP fraud.