

Office of Inspector General, USDA Investigation Developments Bulletin

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Meat Processing Plant Owner Sentenced for Sale of Misbranded Meat - Nebraska

On December 27, 2013, in U.S. District Court in Nebraska, the co-owner of a meat processing plant that distributed mislabeled and uninspected meat was sentenced to 1.5 years' incarceration, followed by 12 months of supervised release, and ordered to pay a fine of \$8,450. The Office of Inspector General's (OIG) investigation determined that the plant owners directed their employees to falsely label packages of ground beef with the Federal mark of inspection, although the packages contained meat that had been processed without Department of Agriculture (USDA) inspection. The mislabeled meat products were sold to a public school system. Uninspected meat products were also sold to a food cooperative. One owner pled guilty to the sale of misbranded meat, and his wife pled guilty to a misdemeanor count of sale of misbranded meat. Her sentencing is pending.

Store Employee Sentenced for Exchanging SNAP Benefits for Cash - Connecticut

On January 2, 2014, in U.S. District Court in Connecticut, an employee of a store in Meriden was sentenced to 27 months in prison and ordered to pay \$820,300 in restitution for trafficking in Supplemental Nutrition Assistance Program (SNAP) benefits. OIG's investigation determined that the employee and the owner of the store illegally exchanged SNAP benefits for cash and ineligible items on multiple occasions. They were both charged with conspiracy to commit SNAP trafficking; the employee was found guilty in April 2013, and the owner pled guilty the same month. Sentencing is pending for the store owner.¹

Fugitive Who Represented Lumber Companies Forges APHIS Certificates, Sentenced for Wire Fraud and Identity Theft - New York

On January 16, 2014, in U.S. District Court in New York, an individual involved in a wire fraud scheme was sentenced to 116 months in prison. OIG's investigation determined that the individual, who represented several lumber companies, defrauded both U.S. companies and foreign companies in conjunction with the purchase of lumber to be sold to overseas customers. He transmitted fraudulent phytosanitary certificates with forged signatures of Animal and Plant Health Inspection Service (APHIS) inspectors to induce foreign customers to wire funds to him. In some instances, he also sent uninspected wood products to foreign victims. He committed more than \$1 million in fraud, which included the fraudulent purchase of lumber from U.S. companies, as well as fraudulent transactions with customers in Poland, Vietnam, Egypt, and China. OIG's investigation also revealed that the man was a fugitive from justice being sought in five States on open warrants, including escape from work release, larceny and vehicle theft, fraud, and felony false pretense/bad checks. The subject and three

¹ This investigation was conducted jointly with the Connecticut Chief State's Attorney's Office.

co-conspirators, including his fiancé, were charged with conspiracy to commit wire fraud and wire fraud. The man's fiancé entered into a deferred prosecution agreement the same day he was sentenced. Prosecution of the other two subjects is pending.

Man Sentenced for Theft of Public Money, Identify Theft; Faces Deportation - Massachusetts

On December 19, 2013, in U.S. District Court in Massachusetts, an individual who illegally obtained SNAP and other benefits was sentenced to 3.5 years in prison, to be followed by deportation, and was ordered to pay \$7,400 in restitution. OIG's investigation, conducted jointly with the Social Security Administration's (SSA) OIG, disclosed that the man fraudulently used the identity of another individual to obtain SNAP benefits, as well as benefits from the SSA and the State of Massachusetts. He pled guilty to theft of public money, use of a falsely-obtained social security number to obtain benefits, and aggravated identity theft. He pled guilty to the charges in September 2013.

Producer Sentenced and Ordered to Pay Restitution for Sale of FSA Mortgaged Property - North Dakota

On January 10, 2014, in U.S. District Court in North Dakota, a producer pled guilty to one count of conversion of mortgaged property and was sentenced to 2 years' probation, ordered to serve 50 hours of community service, and ordered to pay \$85,600 in restitution. OIG's investigation disclosed that the man converted cattle pledged as security for a Farm Service Agency (FSA) operating loan by selling, without FSA knowledge, 44 head of cattle that were secured in his name, as well as 94 head of cattle secured in his brother's name. He then had his brother either transfer the proceeds to his bank account or cash the checks and give him the proceeds.

Couple Uses Childrens' Social Security Numbers to Illegally Receive RHS and SNAP Benefits - Maine

On December 10, 2013, in U.S. District Court in Maine, an individual who misused her child's social security number and fraudulently received Federal benefits was sentenced to 2 weeks' incarceration, followed by 3 years of supervised release, and was ordered to pay restitution of \$19,000. OIG's investigation determined that the woman and her boyfriend (who similarly used his child's number) used the social security numbers to earn income which they did not disclose on applications for financial assistance. They both received SNAP and Temporary Assistance for Needy Families; the boyfriend also received Rural Housing Service (RHS) rental assistance. She pled guilty to charges of social security fraud, aggravated identity theft, and making false statements. Her boyfriend pled guilty to similar charges, plus the theft of Federal funds. He was previously sentenced to four years in prison and ordered to pay \$21,300 in restitution for his part in the scheme.²

² This investigation was conducted jointly with the SSA OIG and the U.S. Department of Health and Human Services OIG.

Store Owner Sentenced and Ordered to Pay Large Restitution for Theft by Deception in SNAP Scheme - New Jersey

On January 13, 2014, in a court in Essex County, New Jersey, a business owner was sentenced to 7 years' imprisonment and was ordered to pay \$831,800 in restitution for SNAP trafficking. OIG's investigation revealed that, on multiple occasions, staff at the owner's store (and at three related stores) accepted SNAP benefits in exchange for ineligible items, including electronics and household items. Search warrants were executed at four stores and the owner's residence, during which approximately \$160,000 in currency was seized. The owner was arrested and charged with financial facilitation of criminal activity, theft by deception, and unauthorized use of an ATP (authorization to participate) card or food stamp coupon in violation of State statutes. He pled guilty to theft by deception.³

Store Owner and Employees Sentenced in SNAP Fraud Conspiracy - New York

On December 17, 2013, in U.S. District Court in New York, the owner of a grocery store in Bellport who trafficked in SNAP benefits was sentenced to 8 years in prison and ordered to pay \$490,200 in restitution. OIG's investigation, conducted jointly with the Federal Bureau of Investigation, disclosed that two employees of the store exchanged SNAP benefits for cash and ineligible items. The owner and the two employees were charged with conspiracy to commit SNAP fraud. Subsequently, the owner was also charged with conspiracy to commit wire fraud and making false statements. A jury found the owner guilty of conspiracy to commit SNAP fraud and wire fraud, and making false statements. He was remanded to custody of the U.S. Marshals Service pending sentencing. Both employees pled guilty to conspiracy to commit SNAP fraud and each has been sentenced to 3 years' probation.

Store Owner Sentenced for Money Laundering and SNAP Trafficking - Rhode Island

On December 19, 2013, in U.S. District Court in Rhode Island, the owner of a store in Providence that trafficked in SNAP benefits was sentenced to 12 months' incarceration, followed by 36 months of supervised release, and was ordered to pay \$399,000 in restitution. OIG's investigation found that SNAP trafficking occurred at the market. The owner pled guilty to conspiracy to commit SNAP trafficking and money laundering.⁴

³ This investigation was conducted jointly with a Joint Terrorism Task Force, in conjunction with the New Jersey State Police and the New York City Police Department.

⁴ This investigation was conducted jointly with the Internal Revenue Service, the Rhode Island State Police, and the Food and Nutrition Service.