



## **Warehouse Owner Sentenced and Ordered to Pay \$13.2 Million in Restitution for Bank Fraud—Wisconsin**

On May 22, 2017, in U.S. District Court, Eastern District of Wisconsin, a USDA-licensed warehouse owner was sentenced to 3 years in prison and was ordered to pay \$13.2 million in restitution. The United States Warehouse Act<sup>1</sup> requires licensed warehouse operators to issue official warehouse receipts for all eligible product stored in the warehouse. After the Farm Service Agency determined that the warehouse had a shortage of grain, a liquidation of grain inventory was initiated to protect grain depositors. It was determined that the warehouse issued fraudulent warehouse receipts to financial institutions in order to obtain high dollar lines of credit. The owner pled guilty to bank fraud.

## **Store Owner and Daughter Sentenced and Ordered to Pay \$3.7 Million in Restitution for SNAP Fraud—Maryland**

On May 19, 2017, in U.S. District Court, District of Maryland, a store owner was sentenced to 46 months in prison and was ordered to pay \$3.7 million in restitution. The defendant was sentenced for conspiring to commit fraud in the Supplemental Nutrition Assistance Program (SNAP) and wire fraud. On July 17, 2017, in the same court, the store owner's daughter was sentenced to 4 months in prison and was ordered to pay \$194,000 in restitution. The investigation, conducted by OIG and the Federal Bureau of Investigation (FBI), was based on a complaint made to the OIG Hotline that alleged two stores were engaged in SNAP trafficking. The investigation revealed that the store owner and family members exchanged SNAP benefits for U.S. currency using seven convenience stores in Baltimore. The store owner and his daughter were indicted for fraudulently redeeming more than \$3.7 million in SNAP benefits.

## **Defendant Sentenced to Incarceration and \$57,000 in Restitution Related to RD Loan Scheme—Texas**

On April 19, 2017, in the 390<sup>th</sup> District Court, Travis County, Austin, Texas, a business owner and real estate agent pled guilty to a charge of securing execution of documents by deception and paid \$57,000 in upfront restitution. Subsequently, he was sentenced to 1 year in prison and was ordered to forfeit his mortgage broker license. The investigation was conducted to determine if a borrower (a separate defendant) had submitted fraudulent documents in order to qualify for a Rural Development (RD) Guaranteed Loan. The borrower defaulted on the loan, resulting in a loss claim payment of \$57,000 from RD to the lender. The OIG investigation disclosed that the business owner/real estate agent provided false statements to lenders as part of a scheme to obtain mortgage loan approval for six unqualified borrowers. Four out of the six borrowers were approved under the RD Guaranteed Loan Program. The

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<sup>1</sup> 7 U.S.C. §§ 241-256 (2012).

real estate agent's commission payments from the fraudulent loans totaled approximately \$27,000. Charges against other defendants in the case were dismissed.

### **Store Owner Sentenced to Prison and Ordered to Pay \$3.55 Million in Restitution for SNAP Fraud—Maryland**

On May 18, 2017, in U.S. District Court, District of Maryland, a store owner was sentenced to 51 months in prison and was ordered to pay \$3.55 million in restitution, jointly and severally, with a store clerk. A consent order of forfeiture was issued for \$3.55 million. The OIG investigation revealed that the store owner exchanged SNAP benefits for U.S. currency. In addition, three other stores he controlled through straw owners were exchanging SNAP benefits for U.S. currency at his direction. The defendants either used the other stores' point-of-sale devices or called in manual transactions to the other stores. The store owner was sentenced for conspiracy to commit food stamp and wire fraud.<sup>2</sup>

### **Former NRCS Employee Sentenced to Probation and Fined \$10,000 for Conflict of Interest—Arkansas**

On May 8, 2017, in U.S. District Court, Eastern District of Arkansas, a Natural Resources Conservation Service (NRCS) contract specialist was sentenced to 3 years of probation, 100 hours of community service, and was assessed a \$10,000 fine. The NRCS State Office in Arkansas notified the NRCS National Office of a possible conflict of interest situation with this contract specialist. Preliminary information gathered by the State Office documented that this contract specialist awarded a \$22,500 contract to a company purportedly owned by his wife. During OIG's investigation, the defendant provided a signed statement, stating he had never received financial compensation from the business. The investigation revealed the \$22,500 amount awarded for the contract was deposited into the couple's checking account. OIG documented that he and his wife likely comprised the entire business. The defendant was suspended from NRCS in late 2015 and thereafter retired. In January 2017, he pled guilty to one count of conflict of interest.

### **Two Defendants Sentenced for SNAP Fraud Scheme; Restitution Exceeding \$1 Million Ordered—Pennsylvania**

On May 8, 2017, in U.S. District Court, Eastern District of Pennsylvania, a store owner was sentenced to 42 months in prison and was ordered to pay \$1,063,000 in restitution, jointly and severally with his co-conspirator. On the same date in U.S. District Court, his co-conspirator, a street vendor, was also sentenced. The details of his sentence are currently under seal. OIG began a joint investigation into a market allegedly involved in SNAP trafficking.<sup>3</sup> During the course of this investigation, the store owner

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<sup>2</sup> In March 2017, the clerk was sentenced to 18 months in prison, and was ordered to pay \$3.55 million in restitution (jointly and severally). A forfeiture order of \$3.55 million was also issued.

<sup>3</sup> OIG conducted the investigation with U.S. Immigration and Customs Enforcement, Homeland Security Investigations.

and a street vendor conspired to exchange SNAP benefits for U.S. currency at a discount for customers who visited the street vendor's vending table. The two individuals were indicted on charges of SNAP fraud, wire fraud, conspiracy, and aiding and abetting. The street vendor pled guilty and the store owner was found guilty at trial.

### **Former Forest Service Employee Sentenced and Fined for Unlawful Entry— Idaho**

On May 15, 2017, in Boise County District Court, Idaho, a former Forest Service (FS) employee was sentenced to 30 days of incarceration, 100 hours of community service, and was ordered to pay a \$1,000 fine. The defendant pled guilty to a misdemeanor count of unlawful entry. OIG received a referral from FS Law Enforcement and Investigations, alleging that a FS employee in Idaho violated State law when she entered a privately owned structure under special use permit within the Boise National Forest (BNF), with the intent to steal several items. The investigation disclosed that the FS employee gained access to two sheds while performing a special use permit inspection of a privately owned residence located in the BNF. The defendant removed a turkey fryer, a rifle, and several garden tools, and placed the items in her Government-owned vehicle.

### **Store Clerk Sentenced and Ordered to Pay \$1.6 Million in Restitution for SNAP Fraud—Maryland**

On May 11, 2017, in U.S. District Court, District of Maryland, a store clerk was sentenced to 27 months in prison and was ordered to pay \$1.6 million in restitution. A consent order of forfeiture was also issued for \$1.6 million. OIG's joint investigation with the FBI revealed that the clerk and the store's owner exchanged SNAP benefits for U.S. currency. The clerk was sentenced after being indicted on charges including food stamp fraud and wire fraud. Judicial proceedings against the owner are pending.

### **Store Owner and Husband Sentenced and Ordered to Pay \$879,500 for SNAP Fraud—Maryland**

On May 10, 2017, in U.S. District Court, District of Maryland, a store owner and her husband were sentenced related to charges involving SNAP fraud and wire fraud. The store owner was sentenced to two months in prison, 10 months of home detention, and \$879,500 in restitution, jointly and severally with her husband. The husband was sentenced to 2 years in prison and the same restitution amount. The OIG investigation revealed that the defendants exchanged SNAP benefits for U.S. currency. It is estimated that the two redeemed more than \$879,500 in SNAP benefits for food sales that never occurred.