



Producer Sentenced to Incarceration and Ordered to Pay \$5.9 Million to USDA for Fraud in Farm Programs—Louisiana

On December 19, 2017, in the Western District of Louisiana, Monroe Division, a producer was sentenced to 9 years of incarceration and was ordered to pay \$4.3 million in restitution to the Farm Service Agency (FSA) and the Risk Management Agency. The court also ordered the defendant to pay a \$1.6 million forfeiture judgment to USDA. OIG conducted this investigation to determine if the producer conspired with others to defraud USDA by falsifying documents submitted to FSA. OIG determined that during a six-year period, the defendant created fraudulent farming entities to obtain subsidy payments from the Direct and Countercyclical Program and the Supplemental Revenue Assistance Program. The defendant was found guilty in a jury trial on charges related to mail fraud and money laundering.

Storeowner and Father Sentenced and Ordered to Pay \$1.3 Million in Restitution for SNAP Trafficking—Louisiana

On November 29, 2017, in U.S. District Court, Western District of Louisiana, a storeowner was sentenced to 1 year in prison and 3 years of probation. On the same day, his co-conspirator father was sentenced to 5 years of probation. The defendants were ordered to pay \$1.3 million in restitution, jointly and severally. OIG conducted this investigation to determine if the owners of the store were trafficking Supplemental Nutrition Assistance Program (SNAP) benefits with multiple SNAP recipients. Evidence demonstrated that the owners were exchanging SNAP benefits for cash. A financial analysis revealed the defendants received more than \$1 million from SNAP trafficking. They pled guilty to SNAP benefit trafficking and conspiracy.¹

Defendant Sentenced for Fraud in Hispanic and Women Farmers and Ranchers Program—Oklahoma

On November 21, 2017, in U.S. District Court, Western District of Oklahoma, a defendant was sentenced to four months in prison to be followed by four months in a halfway house and 2 years of supervised release and was ordered to pay \$50,000 in restitution. This case was based on a referral from a county District Attorney's Office and the Oklahoma Department of Human Services, Adult Protective Services office. OIG opened an investigation to determine if the defendant falsely submitted claims to USDA's Hispanic and Women Farmers and Ranchers Claims Program. The investigation determined that the defendant falsely represented herself as

¹ The Louisiana Department of Family and Children Services assisted in this investigation.

her mother and received a settlement payment of \$50,000. Thereafter, the defendant added her mother as a joint payee to the defendant's bank account without mother's consent, deposited the check, and attempted to withdraw funds. The defendant pled guilty to charges of false statements, theft of public money, civil forfeiture, and criminal forfeiture.

Former Children's Feeding Program Sponsor Sentenced to Lengthy Prison Term and \$3 Million in Restitution—Arkansas

On December 6, 2017, in U.S. District Court, Eastern District of Arkansas, a sponsor of a Summer Food Service Program (SFSP) and At-Risk Afterschool Program (ARAP) was sentenced to 12.5 years in prison, ordered to forfeit several properties, and ordered to pay \$3 million in restitution, jointly and severally. For three school years, this sponsor received more than \$2.7 million from ARAP. OIG's investigation determined that the defendant paid \$79,000 in bribes to two Arkansas Department of Human Services (ADHS) employees for approving defendant's program applications with inflated estimates of children to be fed. The numbers of meals claimed by the sponsor for payment were not scrutinized by ADHS as long as the number was below the application amounts. OIG's investigation determined that the defendant took at least \$950,000 from the feeding program funds' for personal use. This case is part of a larger conspiracy of cases involving sponsors who operated SFSP and ARAP. To date, 13 individuals have been convicted for their involvement in these cases.

Defendant Sentenced to Imprisonment and Restitution for Receiving Child Pornography and Theft of Funds—Illinois

On December 12, 2017, a former local economic development association official was sentenced in U.S. District Court, Southern District of Illinois, to 9 years of imprisonment, five years of supervised release, and ordered to pay \$54,800 in restitution. OIG opened an investigation to determine if the defendant stole Intermediary Relending Program (IRP) funds provided Rural Development to the development association and if he possessed, or was involved in, the production of child pornography. The investigation disclosed that the defendant knowingly received child pornography. Regarding IRP funds, the investigation determined that the defendant paid himself extra salary that was not authorized. Additionally, after his termination from the association, the defendant directed a business to send monthly IRP loan payments intended for PCDA to his personal post office box. He later deposited those IRP funds in his personal bank account, fraudulently obtaining \$51,800 in IRP funds. The defendant pled guilty to four counts of receiving child pornography and one count of mail fraud pertaining to the theft of IRP funds. This was a joint investigation with USDA OIG, Federal Bureau of Investigation, and Illinois State Police.

Multiple Defendants Sentenced for Dog Fighting and Narcotics Trafficking Offenses—North Carolina

Eight defendants were sentenced recently in an investigation initiated by the Wilmington Safe Streets Task Force of the Federal Bureau of Investigation. Although the investigation focused on narcotics trafficking in Onslow County and the surrounding area, investigators then realized the subjects were also involved in illegal dog fighting. The defendants engaged in breeding,

training, selling fighting dogs, and sponsoring dog fighting contests. The Task Force and United States Attorney's Office for the Eastern District of North Carolina contacted OIG to request assistance with the animal fighting aspects of the case. The eight defendants were sentenced on November 28, 2017, December 1, 2017, and December 22, 2017, in the Eastern District of North Carolina for narcotics trafficking and dog fighting offenses. The defendants received sentences ranging from 4 years of probation and 6 months of home detention and community service, to 9 years in prison. Three of the defendants were also fined in the amounts of \$25,000; \$25,000; and \$5,000, respectively.

Mortgage Loan Company Employee Sentenced and Ordered to Pay \$108,000 in Restitution for False Statements—Massachusetts

On December 15, 2017, in U.S. District Court, District of Massachusetts, an accountant for a mortgage loan servicer was sentenced to 1 year of probation and was ordered to pay \$108,000 in restitution. The accountant had pled guilty to making false statements. OIG and its investigative partners determined that a mortgage loan servicer and its president defrauded the Government National Mortgage Association (Ginnie Mae).² The investigation revealed that the company's president misappropriated approximately \$2.5 million in borrower payments for his own personal and business use. He attempted to cover up his scheme by providing false reports to Ginnie Mae about the status of the loans his company was servicing. The president pled guilty to conspiracy and wire fraud. His sentencing is pending.³

Store Owner Sentenced and Ordered to Pay \$725,000 in Restitution for SNAP Trafficking—California

On November 27, 2017, in U.S. District Court, Central District of California, a store owner was sentenced to 2 years of probation—including 1 year of home detention—and was ordered to pay \$725,000 in restitution. OIG received a referral from the Food and Nutrition Service, Retailer Investigations Branch, regarding possible SNAP trafficking at the store. During OIG's investigation, the storeowner exchanged cash for SNAP benefits multiple times in the store. In September 2017, the storeowner pled guilty to one count of trafficking in SNAP benefits.

² Ginnie Mae guarantees the timely payment of principal and interest to investors in bonds backed by Government sponsored mortgage loans, such as those offered by the Federal Housing Administration, the Department of Veterans Affairs, and USDA.

³ This investigation was conducted jointly with the Department of Housing and Urban Development's OIG, the Department of Veterans Affairs' OIG, and the Federal Bureau of Investigation.