

## Office of Inspector General, USDA Investigation Developments

>> [July 23, 2007](#) <<

### **Mississippi Woman and Housemate Sentenced, Ordered to Pay \$26,410 in Hurricane Katrina Food Stamp and FEMA Fraud**

An OIG joint investigation with Department of Homeland Security (DHS) Office of Inspector General (OIG) disclosed that a Mississippi woman and a housemate made false claims to USDA's Food and Nutrition Service (FNS) for Electronic Transfer Benefits (EBT) and to the Federal Emergency Management Agency (FEMA) alleging home damage from Hurricane Katrina. The woman was sentenced in June 2007 in U.S. District Court, Southern District of Mississippi, to 3 months of incarceration, 36 months of probation, and ordered to pay \$24,052 in restitution. In April the housemate was sentenced to 36 months of probation, 40 hours of community service, and ordered to pay \$2,358 in restitution.

### **OIG Joint Investigation of Hurricane Katrina Fraud Claims Results in Probation and \$10,916 in Restitution**

A second OIG joint investigation with DHS OIG disclosed that a Mississippi woman and three housemates made false claims to FNS for food stamp benefits and false statements to FEMA by certifying that their home, located in Biloxi, Mississippi, was destroyed by Hurricane Katrina. Their actual residence was in Canton, Mississippi and it was not damaged. In June 2007, the woman was sentenced in Federal court to 36 months of probation, 40 hours of community service, and ordered to pay \$8,916 in restitution. Two of the three housemates received 36 months of probation, 40 hours of community service, and were ordered to pay \$2,000 in restitution. The third housemate's sentencing is scheduled for July 2007.

### **Maine Seafood Merchant Sentenced, Ordered to Pay \$32,500 in Restitution for Food Stamp Trafficking**

The owner of a Maine seafood retail store was sentenced in Federal court for discounting food stamps for cash. The OIG investigation disclosed that the owner was trafficking EBT benefits from his seafood service vehicle. The owner received a sentence of 30 days of incarceration, 36 months of supervised release, and was ordered to pay \$32,500 in restitution.

### **Louisiana Producer Sentenced, Ordered to Pay \$301,072 in Restitution for False Statements and Money Laundering**

An OIG investigation disclosed that in April 2002 a Louisiana producer applied for a \$200,000 Farm Service Agency (FSA) farm operating loan and falsely stated on the application that she did not have crop insurance. Her loan application indicated no assignment of indemnity proceeds to FSA and was submitted to the crop insurance company. The investigation disclosed further that the producer falsely reported her 2002 sweet potato crop planting, submitted false claims to Risk

Management Agency (RMA), illegally received \$102,072 in indemnity payments, and did not apply any of the proceeds to her loan. The producer was charged in 2006 with making false statements, mail fraud, conversion of mortgaged property, and money laundering. In June 2007 she was sentenced in U.S. District Court, Western District of Louisiana, to 16 months in prison, 60 months of supervised release, and ordered to pay restitution of \$200,000 to FSA and \$102,072 to RMA.

### **Former Forest Service Employee Sentenced, Fined, and Ordered to Pay Restitution for Setting Wildfires**

A former Forest Service employee who served as a Fire Management Officer assigned to the Mogollon Ranger District in the Coconino National Forest was sentenced in Federal court in Arizona in June 2007 to 24 months in prison, 36 months of supervised release, a \$5,000 fine, and \$10,390 in restitution. The OIG investigation disclosed that the former employee was responsible for setting several wildfires on National Forest System lands. The employee confessed to starting two wildfires in 2004 (the Mother Fire and the Boondock Fire) both located on the Coconino National Forest, Arizona. He had voluntarily retired in December 2005.

### **Joint Investigation Results in Extending Sentence for Repeat Offender of Food Stamp Fraud**

A joint investigation with IRS and the Syracuse (New York) Police Department disclosed that a New York store had redeemed over \$1 million in illegal food stamp benefits dating to 2005. In June 2007, the former store owner was sentenced in U.S. District Court, Western District of New York, to 30 months in prison, 36 months of probation, and ordered to pay \$330,074 in restitution to USDA. He is presently serving a 33-month sentence for money laundering in an earlier food stamp fraud case in the Northern District of Ohio. The judge ordered the sentences to run consecutively – amounting to a total of 63 months.

### **Joint Investigation Results in North Carolina Man Being Sentenced and Possibly Deported for Stolen Infant Formula**

A joint investigation by OIG, Food and Drug Administration (FDA), FBI, and the Wilson, North Carolina Police Department disclosed that an FNS authorized convenience store operator was involved in a stolen infant formula theft ring and counterfeit Viagra scheme with other individuals being investigated by OIG. The joint investigation revealed that a Suffolk, Virginia man conspired and devised a scheme to illegally transport stolen “WIC approved” infant formula from the convenience operator’s store in Wilson, North Carolina, to Virginia and New York. The stolen infant formula had a retail value exceeding \$700,000. The two suspects paid undercover agents approximately \$100,000 for the infant formula. In June 2007, the store operator was sentenced in Federal court to 37 months in prison, 36 months of supervised probation, and notified that a deportation hearing will be held upon his release. The individual responsible for transporting and trafficking the infant formula pled guilty in Federal court in Virginia in April 2005.