

**Office of the Inspector General, USDA**  
**Investigation Developments**

*> May 8, 2006 <*

**Two Men in Massachusetts Plead Guilty to Conspiracy to Violate Meat Inspection Laws**

On April 18, 2006, two individuals pled guilty in U.S. District Court, District of Massachusetts, to conspiring to violate the Federal Meat Inspection Act and filing false tax returns. The investigation disclosed that during 1994 – 1998 the individuals repackaged partially defatted fatty beef tissue and mislabeled it as partially defatted chopped beef, rather than tissue. The mislabeled product was then sold as chopped beef. The investigation disclosed additional schemes to evade the payment of Federal taxes. The OIG investigation was conducted jointly with the Internal Revenue Service. Sentencing is scheduled for July 2006.

**Oregon Woman Sentenced, Ordered to Pay \$25,000 Regarding Illegal Trafficking in Endangered Species**

On April 10, 2006, a woman in Oregon was sentenced to 30 days in Federal prison, 9 months' home confinement, and was ordered to pay \$25,000 to the World Wildlife Fund North American Endangered Species Trafficking Program. The OIG investigation disclosed that the individual acquired and sold ocelot felines in violation of the Federal Endangered Species Act and had falsely applied for an Animal and Plant Health Inspection Service (APHIS) certification as an exotic/wild animal dealer. She was convicted of selling an endangered ocelot, a rare leopard species protected under the Endangered Species Act.

**Man Sentenced, Ordered to Repay Food Stamps Received Related to Hurricane Katrina Assistance**

On April 10, 2006, in U.S. District Court, District of Oregon, a man was sentenced to serve 1 day in prison at a Bureau of Prisons facility, 36 months' supervised release, and was ordered to pay \$447 in restitution. The OIG investigation disclosed that the individual submitted a food stamp application to the Food and Nutrition Service (FNS) Disaster Food Stamp Program administered by the State of Louisiana Department of Human Services. The FNS Disaster Food Stamp Program was implemented as a result of Hurricane Katrina. The individual listed a New Orleans address as his residence and received \$447 in disaster food stamp assistance from September – November 2005. The individual was not entitled to this assistance because he did not live in the affected area. The individual subsequently pled guilty to making false statements on the food stamp application.

### **Man Pleads Guilty to Conspiracy to Sell Adulterated Meat**

On March 30, 2006, an individual pled guilty in U.S. District Court, Northern District of Florida, to conspiracy to sell adulterated or misbranded meat, false labeling of consumer products, mail fraud, and wire fraud. (Civil proceedings in 2002 resulted in a \$3.4 million judgment and \$1 million in punitive damages.) The individual was arrested in Cyprus several months ago and extradited to the United States. The OIG investigation disclosed that in 1998 more than 1 million pounds of adulterated beef products were exported to Egypt, and in 2001 more than 49,000 pounds of adulterated beef and poultry products were shipped in U.S. interstate commerce. Sentencing has not been scheduled.

### **Arizona Man Pleads Guilty to Theft Regarding Fraudulent Market Access Program Claims**

On April 5, 2006, in the U.S. District Court, District of Arizona, a man pled guilty to theft. The OIG investigation disclosed that from December 2000 – March 2004, 44 claims totaling \$1.3 million were submitted to the Commodity Credit Corporation (CCC) under the Foreign Agricultural Service's Market Access Program. Fraudulent checks in support of the claims were submitted. As a result, USDA issued payments of \$585,000. The man was subsequently charged with theft and false statements to the CCC. Sentencing is scheduled for June 2006.

### **Former Forest Service Employee Sentenced, Ordered to Pay \$13,000 in Restitution for False Expense Claims**

On March 31, 2006, a former Forest Service (FS) employee was sentenced in U.S. District Court for the Eastern District of Virginia. The former FS employee was sentenced to 3 months' incarceration and 3 months' community confinement to be followed by 36 months' supervised release, and was ordered to pay restitution in the amount of \$13,000. The OIG investigation disclosed that false claims for travel and miscellaneous expenses totaling approximately \$60,000 - \$70,000 were submitted for reimbursement. In January 2006, the employee pled guilty to theft of Government property.

### **Indiana Farmer Pleads Guilty to Fraud and Conversion of Mortgaged Property**

On March 23, 2006, an Indiana farmer pled guilty in the Southern District of Indiana to one count of bank fraud and one count of conversion of mortgaged property. The joint OIG/FBI investigation disclosed that the farmer obtained loans from three different banks based on misrepresentations about the financial condition of his farming business. The loans were for farm equipment when no farm equipment was actually purchased, resulting in a loss of \$276,414 to a financial institution. The farmer also converted corn, soybeans, and wheat pledged as collateral on eight CCC commodity loans totaling \$741,033 without the knowledge of the Farm Service Agency. The farmer used the fraudulently obtained bank loans to repay all but \$38,682 to the CCC. Sentencing is scheduled for July 2006.

### **Final Defendant in South Dakota Farm Program Scheme Sentenced, Ordered to Pay \$19,000 in Restitution.**

On March 28, 2006, the last of the six co-defendants in a scheme was sentenced in the District of South Dakota regarding farm program payments. The man was sentenced to 12 months' probation and ordered to pay \$19,000 in restitution and a fine of \$1,500. The OIG investigation disclosed that a husband and wife conspired with three other individuals to make false claims/statements to FSA in order to circumvent payment limitations and obtain FSA/Risk Management Agency program payments. As a result, the husband and wife obtained \$1.35 million in unauthorized payments during 1996 – 2001. Five subjects received sentences ranging from 37 months in Federal prison to 36 months' probation and were ordered to pay over \$1 million in restitution.

### **Pennsylvania Woman Sentenced, Ordered to Pay \$30,860 in Restitution for Food Stamp Fraud**

On March 27, 2006, a woman from Philadelphia was sentenced in U.S. Federal Court, Eastern District of Pennsylvania, to 10 months' home detention and 24 months' probation, was fined \$100, and was ordered to make \$30,860 in restitution to USDA. The OIG investigation disclosed that during 2005, the woman received approximately \$18,000 in food stamp benefits and an undetermined amount of cash assistance by making false statements to numerous Government agencies. In September 2005, the woman pled guilty to fraud. The investigation was conducted jointly with the OIGs of the U.S. Department of Education and the Social Security Administration.

### **Two Individuals Plead Guilty in Pennsylvania State Court Regarding Conspiracy and Cruelty to Animals**

On March 15, 2006, two individuals who were the current and former owner of the "Sporting Dog Journal" (SDJ) pled guilty in Pennsylvania State Court to charges related to conspiracy and cruelty to animals. The multi-agency investigation disclosed that the two individuals were participating in illegal dog fighting in Georgia, New York, Pennsylvania, West Virginia, and Virginia. In April 2003, the current owner of SDJ was convicted of promoting dog fighting and sentenced in New York State Court to a minimum of 24 months' and up to 84 months' imprisonment and fined \$5,000. OIG investigated this case jointly with the Georgia Bureau of Investigation, New York State Police, Pennsylvania State Police, West Virginia State Police, and Federal prosecutors. Sentencing has not been scheduled.

### **Ohio Store Owner Sentenced, Ordered to Pay \$2.6 Million in Restitution; Led a Nationwide Trafficking Network Involving Stolen Goods and Food Stamps**

On March 13, 2006, the owner of a furniture store was sentenced in the Southern District of Ohio to 11 years' imprisonment, 5 years' probation, and ordered to pay \$2,669,848 in restitution for illegal use of foods, conspiracy, interstate shipment of stolen property, and money laundering. The multi-agency investigation disclosed that during 2002 – 2004,

the store owner led a nationwide network trafficking in stolen merchandise and food stamp benefits via inner-city markets. The stolen merchandise included infant formula, diabetic blood glucose test strips, over-the-counter medications, and health and beauty aids. Since January 2004, 20 subjects have pled guilty or were convicted on a number of charges relating to their roles in this nationwide trafficking network. OIG worked this investigation jointly with the Ohio Organized Crime Investigations Commission and the FBI.