



Defendant Sentenced to Prison and Ordered to Pay \$1.1 Million Related to Crop Insurance Fraud—Iowa

On February 7, 2018, in U.S. District Court, Northern District of Iowa, a defendant was sentenced to 1.5 years in prison, and ordered to pay \$1.1 million in restitution. The OIG investigation arose from a referral from the Risk Management Agency concerning potential crop insurance fraud. The investigation determined that the defendant intentionally hid grain production during 2012-2015, while claiming crop losses for each year. The loss to the Government for 4 years of crop insurance fraud was calculated at \$662,000. The investigation further determined that the defendant obtained approximately \$1.4 million from an Iowa bank by falsifying farm loan applications and overvaluing collateral. The defendant was ordered to pay \$528,000 to his bank. The defendant also falsified bankruptcy documents and lied under oath during bankruptcy hearings. The defendant signed a plea agreement acknowledging false statements and bankruptcy fraud.¹

Store Owner Sentenced to Prison and Ordered to Pay \$3.2 Million for Theft of Government Funds and SNAP Trafficking—New York

On January 10, 2018, in U.S. District Court, Southern District of New York, a store owner was sentenced to 1 year in prison and was ordered to pay \$3.2 million in restitution. This joint investigation resulted from a referral from the New York City Police Department, which indicated the store was engaged in Supplemental Nutrition Assistance Program (SNAP) fraud. The fraud committed at the store included processing SNAP benefits through electronic benefit transfer machines and Food and Nutrition Service (FNS) authorization numbers assigned to two related stores. The store owner pled guilty to conspiracy, theft of Government funds, and SNAP trafficking.

Former State Beef Council Member Sentenced to Prison and Ordered to Pay \$3 Million in Restitution for Fraud—Oklahoma

On January 4, 2018, in U.S. District Court, Western District of Oklahoma, a former employee of the Oklahoma Beef Council was sentenced to 57 months in prison, and was ordered to pay approximately \$3 million in restitution. The restitution order included \$2.3 million to be paid to the Council and \$600,000 in back taxes to be paid to the Internal Revenue Service. Prior to sentencing, the defendant made \$253,000 in restitution payments to the Council. The investigation began when the Council advised OIG that one of their employees was responsible for embezzling \$2.6 million in checkoff dollars. The defendant wrote checks to herself, but logged them into the Council's general ledger as pass-through payments to other State boards and the national association, thereby avoiding scrutiny.

¹ The Federal Bureau of Investigation's (FBI) Des Moines field office assisted on this case.

Defendant Sentenced to Prison and Ordered to Pay \$275,400 in Restitution for Conversion Related to FSA Loan—South Dakota

February 7, 2018, in U.S. District Court, District of South Dakota, a cattle farmer was sentenced to 1 year in prison, and was ordered to pay \$275,400 in restitution to Farm Service Agency (FSA). This sentence followed his guilty plea to one count of conversion. The defendant sold 54 head of FSA-mortgaged livestock and received \$73,540. He also submitted a false document to FSA in support of his loan and misused an additional \$13,700 in loan funds. The defendant was indicted on counts of conversion and false statements. He admitted that he presented cattle he did not own to FSA in order to use the cattle as security when applying for the loan.

Defendant Sentenced to Prison and Ordered to Pay \$1.3 Million Restitution for Bribery Related to Nutrition Programs—Arkansas

On January 9, 2018, in U.S. District Court, Eastern District of Arkansas, a former sponsor in the Summer Food Service Program (SFSP) and At-Risk Afterschool Program (ARAP) was sentenced to 33 months in prison and was ordered to pay \$1.3 million in restitution, jointly and severally. The defendant pled guilty to bribery and conspiracy to commit wire fraud. In her change of plea facts, the defendant acknowledged that she paid an Arkansas Department of Health Services (ADHS) employee's husband part of the money she received from ADHS. The defendant also admitted that fraudulent claims submitted under a particular organization enabled her to receive \$1.3 million from ADHS. This case is part of a larger group of cases in Arkansas involving sponsors who operated SFSP and ARAP. To date, 15 individuals have been sentenced for their roles in the schemes.

Three Defendants Sentenced and Ordered to Pay \$5 Million in Restitution for Fraud in SNAP—South Carolina

On February 7, 2018, in U.S. District Court, District of South Carolina, two store owners and an employee were sentenced for their roles in a SNAP trafficking scheme at two different store locations. They received sentences ranging from 5 years of probation to 2 years' imprisonment. All were held jointly and severally liable and ordered to pay over \$5 million in restitution. The investigation revealed that the three individuals exchanged SNAP benefits for cash and other ineligible products at the store. All three pleaded guilty to conspiracy to defraud the United States. Approximately 50 SNAP recipients involved in this case were charged criminally and/or were subject to potential administrative suspensions from the program. Approximately half were charged in the judicial system and received sentences including probation, fines, and restitution.²

Daycare Center Owner Sentenced to Prison and Ordered to Pay \$1.27 Million in Restitution for Fraud in Nutrition Program—Pennsylvania

On February 6, 2018, in U.S. District Court, Eastern District of Pennsylvania, a daycare center owner was sentenced to 3 years in prison and was ordered to pay \$1.27 million in restitution. The investigation was based on allegations that a defendant who owned and operated four Philadelphia daycare centers, one of her employees, and an employee of the Pennsylvania Department of Education (PDE) were responsible for committing fraud related to the Child and Adult Care Food Program (CACFP). The

² The State of South Carolina SNAP fraud unit assisted in this investigation.

owner instructed employees to falsify attendance records in order to inflate the number of eligible students participating in the program. From December 2009 through May 2012, the daycare received over \$466,000 for participation in CACFP. The PDE employee assisted the daycare owner by creating fraudulent paperwork to make it appear that the daycare complied with CACFP requirements during program audits.³

Store Owner Ordered to Pay \$1.1 Million for SNAP Trafficking—New York

On January 18, 2018, in U.S. District Court, Eastern District of New York, a store owner was sentenced to 5 years of probation and was ordered to pay \$1.1 million in restitution. The OIG investigation was initiated after a compliance investigation conducted by the FNS' Retailer Investigations Branch. During the course of OIG's investigation, the store owner exchanged SNAP benefits for U.S. currency. The store owner pled guilty to SNAP trafficking.

Former Animal Control Officer Sentenced to Home Detention and Probation for Misuse of Drug—Indiana

On January 16, 2018, in U.S. District Court, Northern District of Indiana, a municipal animal control officer was sentenced to 3 months' home detention and 6 months of probation. During the execution of a search warrant at the Illinois residence of a man suspected of dog fighting, agents with OIG and Department of Homeland Security-Homeland Security Investigations (DHS-HSI) found medication that was prescribed to an Indiana animal control office. The Illinois resident stated he received veterinarian supplies from the Indiana animal control officer. The Indiana defendant sentenced above was an animal control officer and a city park superintendent. He admitted supplying the Illinois resident with controlled medications, other supplies, and to housing fighting dogs. The defendant was convicted on a charge of misbranding a drug into interstate commerce.

Store Owner Sentenced to Prison and Ordered to Pay \$729,000 Restitution for SNAP Trafficking—New York

On February 7, 2018, in U.S. District Court, Western District of New York, a store owner was sentenced to serve 1 year in prison and was ordered to pay \$729,000 in restitution. The store owner pled guilty to SNAP trafficking. This joint investigation arose from allegations that the owner and/or employees at a fish store were exchanging SNAP benefits for cash. Additionally, they were sending SNAP recipients to wholesale seafood stores (authorized to participate in SNAP) to purchase bulk items for resale at the subject store. The store owner admitted to unlawfully exchanging approximately \$1.2 million in SNAP benefits for cash. He further admitted to directing SNAP recipients to use their SNAP cards to purchase at least \$202,000 worth of seafood at other seafood stores, after which he would purchase these items for cash at a discounted rate. As a result of the investigation, 66 SNAP recipients were administratively suspended from receiving SNAP benefits.⁴

³ This is a joint investigation between OIG and the FBI. Previously, the employees of PDE and the daycare center pled guilty and were each sentenced to 5 years of probation with 6 months of home confinement, and were ordered to pay \$45,600 and \$154,800 in restitution, respectively.

⁴ This joint investigation was conducted by USDA OIG, Rochester Police Department, Internal Revenue Service-Criminal Investigation (IRS-CI); and the Monroe County Department of Social Services.