



Defendant Sentenced and Ordered to Pay \$5.6 Million to RMA for Crop Insurance Fraud Scheme; Co-Defendant Pleads Guilty—North Carolina

On May 29, 2018, in U.S. District Court, Eastern District of North Carolina, a producer pled guilty to conspiracy to make false statements to the Federal Crop Insurance Corporation (FCIC) and conspiracy to commit money laundering. His sentencing is scheduled for August 2018. The following day, the producer's father (and co-defendant) was sentenced to 25 months in prison and was ordered to pay \$5.6 million in restitution to the Risk Management Agency (RMA) and \$69,400 to the Farm Service Agency (FSA). The court also ordered forfeiture of \$5.6 million to be applied toward restitution. A joint investigation disclosed that the defendants conspired to hide crop production and sell production in nominee names. This fraud enabled them to receive \$5.6 million in indemnity payments and \$219,650 in disaster payments to which they were not entitled. The father pled guilty to conspiracy, FCIC fraud, aiding and abetting, aggravated identity theft, and money laundering.¹

Defendant Ordered to Pay \$1.49 Million in Restitution to RMA for False Statements Pertaining to Crop Insurance—North Carolina

On May 30, 2018, in U.S. District Court, Eastern District of North Carolina, a man was sentenced to 1 day in Federal custody, 5 years of supervised release, and ordered to pay \$1,499,000 in restitution to RMA and \$88,000 in restitution to FSA. The court also ordered forfeiture of \$1,499,000, which will be applied toward restitution. OIG investigated allegations of crop insurance fraud involving three producers. The investigation showed that individuals conspired to hide and ultimately sell production in nominee names, which resulted in them receiving \$1,499,000 in indemnity payments and \$88,000 in disaster payments to which they were not entitled. The defendant pled guilty to conspiracy and making false statements to FCIC.

Store Owner Sentenced and Ordered to Pay \$1 Million for SNAP Fraud—Pennsylvania

On May 17, 2018, in U.S. District Court, Eastern District of Pennsylvania, a store owner was sentenced to 8 months in prison and was ordered to pay \$1.06 million in restitution, jointly and severally, with her husband, the store's co-owner. Her husband was previously sentenced in April 2018 to 2 years in prison and the same restitution. He was also ordered to forfeit the commercial property used as a seafood and meat store. During the course of the joint investigation, the storeowners and other employees exchanged SNAP benefits for cash. The store redeemed over \$2.9 million in SNAP benefits since September 2011. Both defendants pled guilty to multiple counts of SNAP fraud.²

¹ This was a joint investigation by USDA OIG, Internal Revenue Service-Criminal Investigations, and RMA's Special Investigation Branch.

² This was a joint investigation with two Department of Homeland Security agencies (Immigration and Customs Enforcement, and Homeland Security Investigations) and the Reading Police Department in Pennsylvania.

Defendant Sentenced and Ordered to Pay \$652,000 in Restitution for Loan Application Fraud—Oklahoma

On May 30, 2018, in U.S. District Court, Western District of Oklahoma, a livestock operator was sentenced to 21 months in prison and ordered to pay approximately \$652,000 in restitution. The investigation began when OIG received information from the Federal Bureau of Investigation that a man had defaulted on stocker cattle loans FSA had guaranteed through an Oklahoma bank. The investigation revealed that, during a 4-month period, the defendant knowingly pledged livestock that did not belong to him as collateral and submitted false statements to the private bank and FSA to refinance a loan. He pled guilty to loan application fraud.

Slaughterhouse Operator Sentenced for Adulteration of Meat Held for Sale—Washington

On May 11, 2018, in U.S. District Court, Western District of Washington, a custom slaughterhouse operator was sentenced to 90 days in prison, 1 year of probation, and ordered to pay a \$2,500 fine for adulterating meat being held for sale. This slaughterhouse's license was revoked by the Washington State Department of Agriculture (WSDA), but in February 2017, OIG observed that animal slaughter was continuing on a large scale (500 estimated livestock) at the premises. During the investigation, OIG observed the purchase of a cow head over 30 months of age, which is considered Specified Risk Material (SRM). SRMs are susceptible to acquiring Bovine Spongiform Encephalopathy, or "mad cow disease." OIG also observed the operator purchasing contaminated internal organs and an adulterated whole sheep.³

Farm Operator Sentenced and Ordered to Pay \$103,000 in Restitution to RD for Fraud—Michigan

On April 20, 2018, in U.S. District Court, Western District of Michigan, a farm owner/operator was sentenced to 7 months in prison, followed by 2 years of supervised release, and was ordered to pay \$103,000 in restitution payable to Rural Development (RD). The defendant pled guilty to making false, fictitious, or fraudulent claims related to RD's Value-Added Producer Grant (VAPG) process. These grants provide up to \$200,000 in working capital for independent producers. The defendant was awarded a VAPG to continue her organic blueberry farming operation in southwest Michigan. The investigation determined that the defendant diverted grant funds for her personal use.

Bakery and Owner Sentenced and Ordered to Pay \$747,000 in Restitution for Conspiracy to Commit SNAP Fraud—Massachusetts

On April 24, 2018, in U.S. District Court, District of Massachusetts, a bakery and its owner were sentenced—1 year of probation for the bakery, and 1 year in prison followed by 1 year of supervised release for the owner. Both the bakery and the owner were ordered to pay \$747,000 in restitution and an order of forfeiture was issued for \$747,000. This investigation revealed that the bakery owner illegally redeemed and exchanged SNAP benefits while not authorized to participate in SNAP. The SNAP transactions conducted at the bakery were processed through SNAP-authorized stores nearby. The owner pled guilty on behalf of himself and the bakery to conspiracy to commit SNAP fraud. Two

³ Food Safety Inspection Service investigators, King County Sheriff's Office personnel, King County Animal Services personnel, and WSDA personnel assisted in the investigation.

of the authorized stores were indicted as corporations on charges of conspiracy to commit SNAP fraud. A seizure warrant was issued for assets approximating \$367,000 owned by one of the stores.

Defendant Sentenced to Probation and \$30,000 Fine for Illegal Transport of Wildlife—Kansas

On May 21, 2018, in U.S. District Court, District of Kansas, a defendant pled guilty to knowingly importing, transporting, and acquiring wildlife that was not from an accredited herd. He was sentenced to 5 years of probation and ordered to pay a \$30,000 fine. This joint investigation sought to determine if the owner of an outfitting group fraudulently transported domesticated white-tailed deer to Kansas for high fence game hunts. This investigation disclosed that the defendant transported numerous white-tailed deer from Pennsylvania to Kansas without an Interstate Certificate of Veterinary Inspection.⁴

Store Owner Sentenced and Ordered to pay \$285,000 Restitution on SNAP and Counterfeit Goods' Charges—Massachusetts

On April 25, 2018, in U.S. District Court, District of Massachusetts, a fashion store owner was sentenced to 8 months in prison to be followed by 3 years of supervised release. The defendant was ordered to pay \$285,000 in restitution and an order of forfeiture was issued for the same amount. The investigation was initiated due to an increase in SNAP redemptions at the store following OIG's execution of search warrants at several nearby retail food stores. The joint investigation determined that the store was trafficking SNAP benefits. The store exchanged SNAP benefits for U.S. currency in addition to counterfeit high-end handbags and apparel. The owner pled guilty to charges related to trafficking in SNAP benefits and counterfeit goods.⁵

⁴ The investigation was conducted by USDA OIG with the U.S. Fish and Wildlife Service, Kansas Department of Wildlife and Parks, and USDA's Animal and Plant Health Inspection Service.

⁵ The investigation was conducted by USDA OIG, HSI, and the Retailer Investigations Branch of the Food and Nutrition Service.