



INVESTIGATIONS

Defendant Sentenced to 14 Months in Prison, 36 Months of Supervised Release, 20 Hours of Community Service, and Ordered to Pay \$636,779 in Restitution for Wire Fraud—Ohio

On December 4, 2019, in U.S. District Court, Southern District of Ohio, a food sales company owner was sentenced to 14 months in prison to be followed by 36 months of supervised release, and 20 hours of community service, and ordered to successfully complete an alcohol/drug treatment program, and pay \$639,779 in restitution. In January 2017, following the receipt of two complaints, the Office of Inspector General (OIG) began investigating allegations that individuals' personal electronic benefit transfer (EBT) account information was stolen and benefits removed from their respective EBT accounts without authorization. The food sales company identified as the center of the scheme engaged in door-to-door retail sales of beef, pork, poultry, and seafood products. During the course of sales operations, the company's representatives engaged in illegally extending Supplemental Nutrition Assistance Program (SNAP) EBT account credit and illegally collecting and using SNAP EBT recipient account information, including accessing sensitive personal identifying information (PII) and subsequently removing EBT benefits without the SNAP recipients' knowledge. On May 22, 2018, seven individuals related to this investigation were charged in a multi-count indictment. Charges included conspiracy, conspiracy to commit money laundering, SNAP fraud, and wire fraud. Between December 19, 2018, and August 1, 2019, all seven co-defendants entered guilty pleas to charges of either conspiracy to defraud the U.S. Government or unauthorized use of Federal food stamp access devices. Between April 18, 2019, and November 21, 2019, in U.S. District Court, Southern District of Ohio, six employees of the food sales company received sentences totaling 24 months and 1 day in prison, 48 months of supervised release, 96 months of supervised probation, and 160 hours of community service, and were ordered to pay a total of \$3,505,475 in fees and restitution.

Defendant Sentenced to 8 Months in Prison, 4 Months of Home Confinement, 5 Years of Probation, and Ordered to Pay \$116,302 in Restitution for Wire Fraud—Iowa

On December 6, 2019, in U.S. District Court, Southern District of Iowa, a farmer was sentenced to 8 months in prison to be followed by 4 months of home confinement and 5 years of probation, and ordered to pay a \$100 fine and \$116,302 in restitution. On January 30, 2017, OIG initiated this investigation based on a referral received from the Risk Management Agency (RMA) alleging that a farmer collected unwarranted insurance payments when he falsely reported that he planted crops in fields that had not been converted from pasture. OIG's investigation revealed that the farmer claimed losses on two fields on which he reported that he planted row crops, including corn and soybeans. Based on the statements of a landowner who leased fields to the farmer, as well as an analysis

conducted by RMA and the Farm Service Agency (FSA), OIG determined that the farmer kept the fields in question as pasture from 2009 to 2014. As a result of the farmer's false statements to RMA, he received approximately \$116,302 in indemnities to which he was not entitled. On February 21, 2019, in U.S. District Court, Southern District of Iowa, the farmer was indicted on three counts of false statements in connection with crop insurance, and on July 26, 2019, he pled guilty to one count of false statements in connection with crop insurance.

Defendant Sentenced to 36 Months of Probation, and Ordered to Pay \$149,884 in Restitution for Conversion of Mortgaged Property— Mississippi

On December 11, 2019, in U.S. District Court, Northern District of Mississippi, a farmer was sentenced to 36 months of probation and ordered to pay a \$100 special assessment and \$149,884 in restitution. On October 31, 2016, OIG initiated an investigation in order to determine if a Mississippi farmer disposed of soybeans used to secure an operating loan he received from FSA in 2015. OIG's investigation revealed that the farmer wrongfully sold 27,321 bushels of soybeans that were mortgaged to FSA and converted the proceeds, totaling \$274,673, to his personal use. On September 19, 2018, in U.S. District Court, Northern District of Mississippi, the farmer was charged in an indictment with seven counts of conversion of mortgaged property and on May 21, 2019, he pled guilty to one count of conversion of mortgaged property.

Defendant Ordered to Pay \$9,436 in Restitution for Petit Theft—Idaho

On December 11, 2019, in Idaho District Court, Franklin County District, a school district employee was ordered to pay \$9,436 in restitution following her guilty plea to one misdemeanor count of petit theft. On April 5, 2019, OIG initiated this investigation based on a referral from the State of Idaho Department of Education, alleging that an employee used her position as food service director to purchase food for personal use through the National School Lunch Program account. OIG's investigation revealed that from May 2017 through February 2019, the employee made \$9,435 in personal purchases for which she did not reimburse the school district. On September 27, 2019, in Idaho District Court, Franklin County District, a criminal complaint was filed charging the school district employee with one felony count of grand theft by embezzlement.

Defendant Sentenced to 60 Months in Prison, and Ordered to Pay a Fine for Conversion of Mortgaged Property—North Dakota

On December 16, 2019, in U.S. District Court, District of North Dakota, a farmer was sentenced to 60 months of probation and ordered to pay a \$25 special assessment. The proposed restitution of \$94,608 was delayed for consideration by the court for 60 days. OIG initiated the investigation based on an allegation that a farmer illegally converted property that was mortgaged to USDA. OIG's investigation disclosed that the farmer sold cattle belonging to his wife that were pledged as security to FSA without her knowledge. The farmer admitted he sold the cattle and used the proceeds from the sales to pay part of a loan in his name at a private lending institution. On September 9, 2019, in U.S. District Court, District of North Dakota, the farmer was charged in an information with conversion of mortgaged property. On September 10, 2019, the farmer pled guilty to one misdemeanor count of conversion of mortgaged property.

Defendant Sentenced to 36 Months of Probation, Ordered to Pay a Fine, and Ordered to Pay \$26,631 in Restitution for Conversion of SNAP Trafficking—New York

On December 16, 2019, in U.S. District Court, Western District of New York, a storeowner was sentenced to 36 months of probation and ordered to pay a \$100 special assessment and \$26,631 in restitution. This investigation was worked jointly with: Department of Homeland Security, U.S. Immigration and Customs Enforcement, Homeland Security Investigations, New York State Department of Taxation and Finance, and the New York State OIG. In April 2018, USDA OIG developed information that a store in Rochester, New York that does not sell food and is not authorized to accept SNAP benefits exchanged SNAP benefits for cash, nail services, and other non-food items. OIG's investigation confirmed that the storeowner exchanged SNAP benefits for cash, untaxed cigarettes, jewelry, counterfeit purses, and nail services at their store. The storeowner subsequently made purchases at SNAP-authorized stores in order to access the SNAP funds. A search of the store and the storeowner's vehicle resulted in the recovery of multiple EBT cards. On March 19, 2019, in U.S. District Court, Western District of New York, the storeowner was charged via a criminal complaint with SNAP trafficking. On September 5, 2019, the storeowner waived indictment and pled guilty to an information charging her with SNAP trafficking in the amount of \$26,631.

RECENTLY ISSUED AUDITS

Audit Report No. 27601-0003-23, *Nationwide Implementation of Women, Infants, and Children Electronic Benefits Transfer*, Dec. 2019. ([PDF](#))

Audit Report No. 10026-0001-2, *NRCS—Final Action Verification—NRCS Wetland Conservation Provisions in the Prairie Pothole Region*, Dec. 2019. ([PDF](#))

Audit Report No. 01601-0002-41, *AMS Storage and Handling of Commodities for International Food Assistance Programs*, Dec. 2019. ([PDF](#))

Audit Report No. 10026-0001-21, *FS—Final Action Verification—Audit of Forest Service's Next Generation and Legacy Air Tanker Contract Awards—08099-0001-21*, Dec. 2019. ([PDF](#))

Audit Report No. 24026-0001-22, *FAV—Implementation of the Public Health Information System for Domestic Inspection*, Dec. 2019. ([PDF](#))

Audit Report No. 24601-0002-22, *Cooperative Interstate Shipment Program*, Dec. 2019. ([PDF](#))