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Tuesday, February 20, 2018

Catonsville Man Convicted For Food Stamp Fraud

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MORSE

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Baltimore, Maryland – A federal jury has convicted Mahmood Hussain Shah, age 58, of Catonsville, Maryland, on charges of wire fraud in connection with a scheme to illegally redeem food stamp benefits in exchange for cash.

Shah and his co-defendant Muhammad Rafiq, age 33, of Reisterstown, Maryland, operated Corner Groceries, on Darley Avenue in Baltimore, and from October 2010 through August 2016, obtained more than \$1,610,556 in payments for food sales that never occurred.

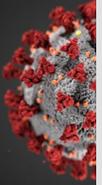
The verdict was announced by Acting United States Attorney for the District of Maryland Stephen M. Schenning; Special Agent in Charge Gordon B. Johnson of the Federal Bureau of Investigation, Baltimore Field Office; and Special Agent in Charge Bethanne M. Dinkins of the U.S. Department of Agriculture Office of Inspector General, Northeast Region.

The Supplemental Nutrition Assistance Program (SNAP), previously known as the Food Stamp Program, is administered by the Food and Nutrition Service (FNS) of the United States Department of Agriculture (USDA), together with state agencies. The program funds low-income individuals to allow them to obtain a more nutritious diet. In Maryland, the program provides eligible individuals with an electronic benefit transfer (EBT) card called the Independence Card, which operates like a debit card.



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Recipients obtain EBT cards through the state Department of Human Resources, then use the EBT card to purchase approved food items from participating retailers.

Retailers must apply to and be approved by FNS to participate in the program. Authorized retailers use a point-of-sale terminal that checks the EBT card information and deducts the cash value of the purchase from the customer's SNAP benefit balance. SNAP reimbursements are paid to retailers through electronic funds transfers. Retailers must bill the government only in return for providing approved food items.

When Shah exchanged EBT benefits for cash, he typically paid the SNAP recipient half the value of the EBT benefits and kept the other half for himself. To avoid detection, Shah often debited the funds from the card in multiple transactions over a period of hours or days, or called a different store where the transaction was processed manually.

Shah faces a maximum sentence of 20 years in prison for the conspiracy. His sentencing date has been set for May 29, 2018.

Acting United States Attorney Stephen M. Schenning commended the FBI and USDA Office of Inspector General for their work in the investigation. Mr. Schenning thanked Assistant U.S. Attorneys Sean R. Delaney and Paul E. Budlow, who prosecuted the case.

Component(s):

USAO - Maryland

Updated February 21, 2018



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