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Tuesday, February 26, 2019

Former Director of Child Food Program Sentenced to Prison for Defrauding USDA of More than \$500,000, Filing False Tax Return

ROCK ISLAND, Ill. – The former operations director of a Rock Island, Ill., child food program, Nora L. Steele, was sentenced today in federal court in Peoria, Ill., to nearly three years in prison for defrauding the government and filing a false tax return. Chief U.S. District Judge James E. Shadid ordered Steele, of Silvis, Ill., to serve a sentence of 33 months in prison. Judge Shadid ordered Steele to report to the U.S. Marshals Service in Davenport, Iowa, in two weeks, on March 12, to begin serving her sentence. In addition to the prison sentence, Steele was ordered to pay restitution to the U.S. Department of Agriculture in the amount of \$515,617 and \$10,128 to the IRS.

Steele served as the operations director for the Quad Cities Area Children's Food Program (QCACFP) from its inception in February 2016 until she left the organization in June 2017. Prior to the creation of QCACFP, Steele had served in a similar capacity, since 2004, for an affiliated entity, Church of Peace, in Rock Island.

Church of Peace and later QCACFP provided summer and after-school meal services to at-risk children throughout the Quad Cities area. The U.S. Department of Agriculture, Food and Nutrition Service, reimbursed the program a set amount per meal served. On a monthly basis, QCACFP submitted requests for reimbursement to the State of Illinois, which in turn received funding from USDA to pay the reimbursement.

Meals were provided in conjunction with after-school learning or care programming, typically at elementary or junior high schools and were operated by YMCA or Spring Forward Learning. During the 2015-2016 and 2016-2017 school years, QCACFP provided meal services to 35 to 50 sites in the Quad Cities and Galesburg, Ill.,



U.S. Attorney
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According to court documents, Steele admitted that from August 2015 to June 2017, she submitted falsely inflated meal count forms for reimbursement. In some cases additional meals that were not served were added to counts of legitimate meals that were served to children. In other cases, Steele submitted fraudulent meal count forms when no meals at all were served at a particular location on a given day.

Among other things, the inflated reimbursement payments were used to fund Steele's salary and salaries for Steele's family members who performed nominal duties for the food program. Steele also set up a retirement account for herself that was fully funded by the food program and used the program's credit card to make personal purchases from QVC, including a compact, foldable exercise bike which Steele categorized as uniforms.

In addition, Steele created and claimed fabricated mileage reimbursements that were not taxed or reported as income on Steele's personal tax returns, for a total tax liability of \$10,128. Steele consistently claimed to have driven approximately 1,500 miles for a monthly reimbursement of approximately \$840 for work-related travel that she did not make. For the period of March 2016 through June 2017, Steele claimed work travel mileage reimbursement for more miles than the total mileage the vehicles belonging to Steele and her husband travelled during the same time period.

Assistant U.S. Attorney John K. Mehochko prosecuted the case on behalf of the U.S. Attorney's Office for the Central District of Illinois, Rock Island Division. The charges were investigated by the U.S. Department of Agriculture, Office of Inspector General; IRS, Criminal Investigation and the FBI Springfield Division.

Topic(s):

Financial Fraud
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Component(s):

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