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Tuesday, March 7, 2017

Louisville Business Owners Sentenced For Defrauding A United States Department Of Agriculture Program

Ordered to pay \$400,000 restitution

LOUISVILLE, Ky. – The owners of AP Deli Corporation were sentenced in United States District Court yesterday, by Chief Judge Joseph H. McKinley Jr., to twelve months and one day in prison and ordered to pay \$400,000 restitution for defrauding a program administered by the United States Department of Agriculture, announced United States Attorney John E. Kuhn, Jr.

“The SNAP program is intended to alleviate hunger and malnutrition among lower income families by increasing their food-purchasing power,” stated U.S. Attorney John Kuhn. “When the program is defrauded, the government's capacity to assist is diminished and the public's confidence in the program can be compromised. This successful investigation and prosecution punishes those responsible, recovers the program loss, and should help restore our faith in accountability.”

Defendants San Chae Chon, age 73, and Yong Chae Chon, age 65, of Louisville, admitted that while operating AP Deli, located at 225 S. 5th Street in Louisville, they defrauded the Supplemental Nutrition Assistance Program (SNAP) by redeeming electronic benefit transfer cards (EBT), in exchange for cash, from customers. The charged period began in May of 2005, and continued through August of 2014.

SNAP is administered by the United States Department of Agriculture to provide food-purchasing assistance to low-income individuals through the issue of (EBT) cards to recipients.

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The Chons, who are legally married, provided customers cash in amounts substantially less than the debited amount on the customers' EBT cards. They would then process customers' EBT cards to redeem the full amount debited on the card. When using the EBT card in a lawful manner, each transaction was for the exact dollar amount of the SNAP eligible items and thus no change was given back to the recipient.

The Chons fraudulently redeemed EBT cards in excess of \$5,000. Their actions caused a loss to SNAP and the USDA in the amount of approximately \$400,000.

The Chons pleaded guilty to a single charge of food stamp fraud, on June 3, 2016. At the time of sentencing, the United States agreed to dismiss two charges.

The case was prosecuted Assistant United States Attorney Bryan R. Calhoun and was investigated by U.S. Department of Agriculture, Office of Inspector General and the Kentucky Cabinet for Health and Family Services, Office of Inspector General.

Topic(s):
Financial Fraud

Component(s):
USAO - Kentucky, Western

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