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Friday, May 19, 2017

## Two More Retailers Sentenced to Federal Prison for Food Stamp Fraud

*Baltimore retailers ordered to pay over \$7 million cumulatively for defrauding the Food Stamp Program*

**Baltimore, Maryland** – In August 2016, a federal grand jury returned nine indictments charging 14 retail store operators in the greater Baltimore area with food stamp fraud and wire fraud in connection with obtaining over \$16 million from the United States Department of Agriculture by illegally trading food stamp benefits for cash. Twelve of the fourteen charged defendants have pleaded guilty, and two defendants were sentenced this week to federal prison.

Today, U.S. District Judge Richard D. Bennett sentenced Mohammad Shafiq, age 51, of Baltimore, Maryland to 46 months in prison, followed by three years of supervised release. Judge Bennett ordered Shafiq to pay restitution in the amount of \$3,712,353.00.

In a separate sentencing hearing held on May 18, 2017, Judge Bennett sentenced Mohammad Irfan, age 59, of Baltimore County, Maryland, to 51 months in prison, followed by three years of supervised release. Judge Bennett also ordered Irfan to pay restitution in the amount of \$3,550,662.00.

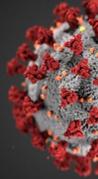
The sentences were announced by Acting United States Attorney for the District of Maryland Stephen M. Schenning; Special Agent in Charge William G. Squires, Jr. of the U.S. Department of Agriculture Office of Inspector General, Northeast Region; and Special Agent in Charge Gordon B. Johnson of the Federal Bureau of Investigation.

The Supplemental Nutrition Assistance Program (SNAP), previously known as the Food



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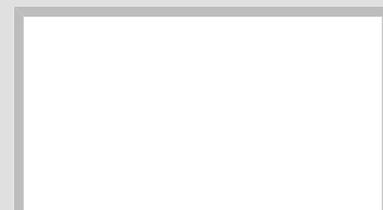
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Stamp Program, is administered by the Food and Nutrition Service (FNS) of the United States Department of Agriculture (USDA), together with state agencies. The program funds low-income individuals to allow them to obtain a more nutritious diet. In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

Although charged in separate and unrelated schemes, Shafiq and Irfan engaged in similar conduct to defraud the SNAP program.

According to two separate plea agreements, from October 2010 through at least July 2016, Shafiq, Irfan and co-conspirators exchanged EBT benefits for cash, in violation of the food stamp program rules. They typically paid half the value of the EBT benefits in cash. To avoid detection, they 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.

Shafiq and Irfan owned and/or operated stores in the Baltimore area that were authorized to accept SNAP. The defendants received instruction regarding the requirements and regulations of the food stamp program and were aware that only eligible food items could be exchanged for EBT benefits and that a retailer may never exchange EBT benefits for cash or non-food items.

Shafiq and his family members owned and operated four stores: Quick Stop Convenience Store, 237 N. Patterson Park Avenue; New York Food Mart, 1201 N. Patterson Park Avenue; and Barclay Food Mart, 2454 Barclay Street, all in Baltimore; and Shafiq Corporation, 6929 Holabird Avenue, in Dundalk, Maryland. From October 2010 through July 2016, Shafiq himself, and by and through his family members obtained more than \$3.7 million in payments for food sales that never occurred or were substantially inflated.

Irfan and his family members also owned and/or operated four stores: New Sherwood Market, 6324 Sherwood Road in Northwood, Maryland; Martin Mart, 1504 Martin Boulevard in Middle River, Maryland; Rosedale Mart, 6326 Kenwood Avenue in Rosedale, Maryland; and M&A Mart 7400-A Belair Road in Baltimore. From October 2010 through August 2016, Irfan and his co-conspirators obtained more than \$3.5 million in payments for food sales that never occurred or were substantially inflated.

Two retail store operators have previously been sentenced to federal prison. On March 27, 2017, Muhammad Sarmad was sentenced to 18 months in prison, followed by three years of supervised release, and ordered to pay restitution in the amount of \$3,550,662. On April



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27, 2017, Shaheen Tasewar Hussain was sentenced to 30 months in prison, followed by three years of supervised release, and ordered to pay restitution in the amount of \$778,183.00.

The defendants listed below have all pleaded guilty and are awaiting sentencing:

- Walayat Khan, age 37, of Reisterstown, Maryland;
- Barbara Ann Duke, age 51, of Owings Mills, Maryland;
- Kelym Novas Perez, age 35, of Baltimore;
- Jose Remedio Gonzalez Reyes, age 51, of Baltimore;
- Mulazam Hussain, age 55, of Windsor Mill, Maryland;
- Alia Shaheen, age 25, of Baltimore;
- Mahmood Hussain Shah, age 58, of Catonsville, Maryland;
- Muhammad Rafiq, age 32, of Reisterstown;
- Rizwan Pervez, age 39, of Essex, Maryland; and
- Kassem Mohammad Hafeed, a/k/a Kassam Mohammad Hafeed, age 51, Baltimore

Acting United States Attorney Stephen M. Schenning commended the USDA Office of Inspector General and FBI for their work in the investigation. Mr. Schenning thanked Assistant United States Attorneys Rachel M. Yasser and Kathleen O. Gavin, who separately prosecuted Shafiq and Irfan.

**Component(s):**

USAO - Maryland

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<a href="#">Our Office</a>				<a href="#">Anti-Terrorism Advisory Council</a>	<a href="#">Law Enforcement Coordination</a>	<a href="#">Special Assistant U.S. Attorney</a>	
<a href="#">Geographic Divisions</a>				<a href="#">Asset Forfeiture</a>	<a href="#">Project Safe Neighborhoods</a>	<a href="#">Support Staff</a>	
<a href="#">Organizational Chart</a>				<a href="#">Elder Justice Task Force</a>	<a href="#">Victim Witness Assistance</a>	<a href="#">Law Clerk Opportunities</a>	
<a href="#">Directions</a>				<a href="#">Gangs</a>		<a href="#">Student Opportunities</a>	
				<a href="#">Human Trafficking</a>			
				<a href="#">Maryland Exile</a>			
				<a href="#">Project Safe Childhood</a>			

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