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Friday, December 16, 2016

## Two Retailers Plead Guilty to Federal Charges of Food Stamp Fraud

### In Separate Cases Defendants Each Received Over \$3.5 Million from USDA for Food Stamps Traded for Cash

**Baltimore**, Maryland – On December 15, 2016, Mohammad Shafiq, age 50, of Gwynn Oak, Maryland, and Muhammad Sarmad, age 40, of Nottingham, Maryland each pleaded guilty to conspiracy to commit food stamp fraud and wire fraud in connection with separate schemes to illegally redeem food stamp benefits in exchange for cash.

The guilty pleas were announced by United States Attorney for the District of Maryland Rod J. Rosenstein; 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 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.

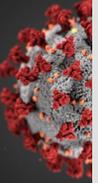
In Maryland, the program provides eligible individuals with an electronic benefit transfer (EBT) card called the Independence Card, which operates like a debit card. Recipients obtain EBT cards through the state Department of Human Resources, then use the EBT card to purchase approved food items from 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.



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SNAP reimbursements are paid to retailers through electronic funds transfers. Retailers must bill the government only in return for providing approved food items.

According to their plea agreements, from October 2010 through at least July 2016, Sarmad, Shafiq, and their respective co-conspirators exchanged EBT benefits for cash, in violation of the food stamp program rules. Sarmad and Shafiq 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.

Sarmad and Shafiq 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.

Sarmad and other 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, Sarmad and his co-conspirators obtained more than \$3.5 million in payments for food sales that never occurred or were substantially inflated.

Sarmad and Shafiq each face a maximum sentence of five years in prison for conspiracy to commit food stamp fraud and wire fraud. U.S. District Judge Richard D. Bennett has scheduled sentencing for Sarmad on March 20, 2017 at 3:00 p.m. and for Shafiq on March 21, 2017, at 3:00 p.m.

United States Attorney Rod J. Rosenstein praised the USDA Office of Inspector General and FBI for their work in the investigation. Mr. Rosenstein thanked Assistant United States Kathleen O. Gavin and Rachel M. Yasser, who are prosecuting Sarmad and Shafiq, respectively.

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**Component(s):**  
USAO - Maryland

Updated December 16, 2016



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