



Storeowner Sentenced to Incarceration and Restitution of \$2.5 Million for Supplemental Nutrition Assistance Program (SNAP) Trafficking—Ohio

On February 21, 2017, in U.S. District Court, Northern District of Ohio, a storeowner was sentenced to 33 months in prison and ordered to pay \$2.5 million in restitution for SNAP fraud. As part of this investigation, 29 SNAP recipients were charged with SNAP fraud and were sentenced to a combined total of 22 months in prison, 78 years of probation, and ordered to pay \$214,000 in restitution to FNS.¹ OIG's investigation disclosed that the store owner was trafficking SNAP benefits. The estimated fraud amount was approximately \$2.6 million. At an earlier stage of this SNAP investigation, during the execution of a search warrant at the storeowner's residence, he pointed a firearm at OIG agents and local law enforcement officers. For this action, the storeowner was charged with assault on a Federal officer and possession of a firearm in connection with a violent felony. He was convicted of these charges in 2015, and was sentenced in 2015 to 7 years in prison.

Producer Sentenced and Ordered to Pay Restitution for Fraud Related to Crop Insurance—Wisconsin

On February 13, 2017, in U.S. District Court, Western District of Wisconsin, a producer was sentenced to pay \$228,000 in restitution, which was collected at sentencing, and he was ordered to pay a \$20,000 fine within 90 days. The judge also ordered him to serve 1 year of probation and 6 months of GPS-monitored home confinement at his expense. The defendant agreed in the plea to permanent debarment from participation in all USDA programs. This OIG investigation, initiated to determine if this producer was committing crop insurance fraud, confirmed that he submitted false statements to his insurance company with the intent to bolster his indemnity payments. He pled guilty in November 2016.

Former County Executive Director Sentenced to Incarceration and Restitution of \$146,000 for Fraudulent Payment Scheme—South Carolina

On February 9, 2017, in U.S. District Court, District of South Carolina, a former county executive director (CED) was sentenced to 27 months in prison and ordered to pay approximately \$146,000 in restitution to the Farm Service Agency (FSA). This investigation was conducted to determine if the CED authorized approximately \$161,000 in fraudulent payments from FSA's Emergency Conservation Program to family members. The CED and seven of her family members were indicted on charges of conspiracy, theft of government money, and wire fraud. Three other defendants entered into pre-trial diversion agreements in 2016, which required them to pay restitution in the range of \$3,150–\$20,700.²

Producer Sentenced and Ordered to Pay \$321,900 in Restitution Related to Sale of Mortgaged Commodities—Iowa

On January 20, 2017, in U.S. District Court, Southern District of Iowa, a farmer was sentenced to 15 months in prison and was ordered to pay \$321,900 in restitution to FSA. This investigation was conducted to determine if a farmer converted property which was mortgaged to FSA, and failed to apply the sales proceeds to his FSA loans. After he defaulted on one of the loans, FSA personnel conducted a spot check of his grain and determined that 150,000 bushels of corn and 5,000 bushels of soybeans were

¹ All defendants in this case have pled guilty or were convicted.

² One defendant (the CED's husband) was found guilty and is awaiting sentencing. Indictments were dismissed against two defendants and one defendant was acquitted.

missing. The OIG investigation determined that he sold the majority of the pledged grain before taking the loans out in March 2015, and falsified several loan documents in the process. He pled guilty to three counts of false statements and overvaluation of securities.

Defendant Sentenced and Ordered to Pay \$1.5 Million in Restitution for Role in Broad SNAP Fraud Scheme—New York

On January 11, 2017, in U.S. District Court, Eastern District of New York, a former account executive for a third party processor was sentenced to 21 months in prison and was ordered to pay \$1.5 million in restitution. The defendant had been employed by a third party processor for electronic benefit transfer (EBT) cards. He sold EBT terminals to stores authorized to participate in SNAP in the New York City area. OIG's investigation revealed that he was also selling EBT terminals to stores not authorized to participate in SNAP. From 2012 to 2014, he provided EBT terminals to approximately 50 unauthorized stores that used the terminals to redeem SNAP benefits totaling approximately \$6.5 million. Eight of the stores where search warrants were executed also exchanged SNAP benefits for U.S. currency and ineligible items during the course of our investigation. The defendant was charged with theft of Government funds, wire fraud, and a criminal forfeiture allegation. He pled guilty to wire fraud. Prosecutions against other stores in this case are pending.

Feeding Program Sponsor Sentenced and Ordered to Pay \$380,000 for Fraud Related to Child Nutrition Programs—Arkansas

On January 10, 2017, in U.S. District Court, Eastern District of Arkansas, a feeding program sponsor was sentenced to 2 years in prison and was ordered to pay \$380,000 in restitution, jointly and severally. This case is one of many cases in Arkansas in which multiple subjects conspired to defraud the Food Nutrition Service' (FNS) Summer Food Service Programs and At-Risk Afterschool Programs. The program sponsor claimed to feed over 240 children per day at each of two feeding sites. The OIG investigation determined that that no more than 15 children were fed per day at either site. The program sponsor received approximately \$380,000 in USDA funds intended to feed needy children. The program sponsor paid another defendant approximately 40 percent of these funds. In exchange, that defendant's spouse (an ADHS employee) approved the sponsor's application and shielded him from Arkansas Department of Human Service scrutiny.³ In 2016, the program sponsor pled guilty to conspiracy to commit wire fraud.

Storeowner and Store Manager Sentenced and Ordered to Pay \$722,000 for SNAP Fraud—Michigan

On January 11, 2017, in U.S. District Court, Western District of Michigan, a storeowner and store manager were sentenced to 33 months in prison and 20 months in prison, respectively. Both were ordered to pay \$722,000 in restitution, jointly and severally. The storeowner resided illegally in the United States and will be subjected to deportation upon completion of her incarceration period. This OIG investigation examined whether owners and employees of a convenience store were exchanging SNAP benefits for cash, cell phones, and other ineligible items. The storeowner and two clerks (children of the owner) were indicted and eventually pled guilty to charges of conspiracy and SNAP fraud.⁴

³ The spouse (the ADHS employee) has pled guilty and is awaiting sentencing. The defendant (husband of the ADHS employee) has been indicted and his trial is pending.

⁴ In November 2016, one clerk was sentenced to 6 months in prison and ordered to pay \$722,000 in restitution, jointly and severally. She received a downward departure from sentencing guidelines for having provided substantial assistance to the Government.

Defendant Sentenced and Ordered to Pay \$157,800 in Restitution for Fraud Related to Rural Development Housing Subsidy—Washington State

On January 13, 2017, in King County Court, Seattle, Washington, a defendant was sentenced to 50 months in prison and ordered to pay \$157,800 in restitution. This OIG investigation disclosed that the defendant claimed no income on a Rural Development housing subsidy application in order to obtain approximately \$36,000 in subsidies. She failed to disclose approximately \$144,000 she obtained illegally by stealing from an elderly woman in Seattle. Her income, though obtained illegally, made her ineligible for the housing subsidy. She pled guilty in King County Court to three felonies, one of which included a vulnerable victim aggravator.

Defendant Sentenced for Obstruction of Justice Related to Identity Theft—Wisconsin

On February 2, 2017, in U.S. District Court, Eastern District of Wisconsin, a defendant pled guilty and was sentenced to 1 year and 1 day in prison for conspiracy to obstruct justice. This sentencing arose out of an OIG investigation into the defendant's brother, a former Forest Service (FS) employee. The investigation was initiated to determine if the former FS employee misused his access to the personal information of other FS employees. It was determined that the former FS employee used this information to open credit cards in the names of other FS employees for the purpose of identity theft. The former FS employee was indicted on counts pertaining to unauthorized access device fraud and identify theft. In December 2016, the former FS employee was sentenced to 4 years in prison and was ordered to pay \$91,100 in restitution.

Defendant Sentenced to Probation and Restitution for Misrepresentation in Settlement Application—Oklahoma

On February 16, 2017, in U.S. District Court, Northern District of Oklahoma, a defendant was sentenced to 3 years' probation, 8 months' home confinement, and was ordered to pay \$62,500 in restitution for misrepresentation which resulted in her receiving payment under *Keepseagle* settlement. This investigation determined that she received a settlement under *Pigford v. Glickman* and *Keepseagle v. Vilsack*. The condition of participation in these discrimination settlements precludes an individual from seeking relief under more than one settlement. It was determined that she lied on the *Keepseagle* claim form and certified she did not receive a *Pigford* settlement. The investigation also revealed the woman was not a member of a Federally recognized tribe at the time of the alleged discrimination. As a result of these false representations, she fraudulently received a payment for \$62,500 under the *Keepseagle* settlement.

Additional Defendant Sentenced and Ordered to Pay Restitution for Role in SNAP Fraud Scheme—New Mexico

On January 23, 2017, in U.S. District Court, District of New Mexico, an individual was sentenced to 2 years' probation for defrauding SNAP and was also ordered to pay \$4,600 in restitution. In his guilty plea, he admitted that he met with the main investigative subject, a New Mexico Human Services Department (NMHSD) employee, and paid him \$100 to process a SNAP benefit application in his name even though he was ineligible to receive SNAP benefits. He admitted that he obtained \$4,600 in illegal SNAP benefits due to this scheme. OIG initiated an investigation based on an allegation that an employee assigned to the Income Support Division of the NMHSD had established

fraudulent SNAP benefit cases for approximately 150 individuals.⁵ The investigation disclosed that the employee had several co-conspirators who assisted him with the scheme; they also received cash payments from individuals fraudulently receiving SNAP benefits. The amount of SNAP benefits paid out by the State of New Mexico due to this scheme was estimated at \$230,000. The employee and five co-conspirators were indicted on charges involving conspiracy, SNAP benefits fraud, and aiding and abetting.

Previously, the NMHSD employee was sentenced in 2016 to 1 year in prison and was ordered to pay \$181,000 in restitution for his role in establishing fraudulent SNAP benefit cases. Four of the five Federally indicted co-conspirators pled guilty and received sentences of up to 4 years' probation, and were each ordered to pay restitutions of up to \$9,300. The remaining co-conspirator completed a pre-trial diversion program and the charges were dismissed.⁶

Defendant Sentenced for Lacey Act Violations and False Statements—Mississippi

On January 17, 2017, in U.S. District Court, Southern District of Mississippi, the third and final defendant in a case involving Lacey Act violations was sentenced to 45 days of house arrest, 3 years' probation, and ordered to pay a \$10,000 fine. The judicial ruling on the amount of the defendant's restitution is pending. This OIG investigation disclosed that for a period exceeding 5 years, three individuals made false statements to Animal and Plant Health Inspection Service and violated the Lacey Act by transporting numerous white tailed deer from Texas to Mississippi.⁷ The three defendants were charged with various Lacey Act violations and false statements. In August 2016, all three subjects entered guilty pleas. Previously, the other two defendants were each sentenced to 3 years' probation and ordered to pay a \$10,000 fine.

Storeowner Agrees to False Claims Payment Due to SNAP Fraud—Oklahoma

On February 13, 2017, in U.S. District Court, Western District of Oklahoma, a store owner agreed to pay \$65,000 to the Government to settle the civil false claims case against him. This investigation disclosed that owner of an FNS-qualified retail store was trafficking in SNAP benefits with several recipients. The investigation revealed that he was exchanging SNAP benefits for cash and charged approximately \$20 more for every \$100 in cash the recipients received. The defendant plead *nolo contendere* in State court to misdemeanor charges of SNAP trafficking. He paid approximately \$3,000 in restitution and fees, and signed a voluntary 1-year SNAP disqualification with the Oklahoma Department of Human Services. Thereafter, OIG referred the case to the U.S. Attorney's Office for the Western District of Oklahoma to pursue a False Claims Act case against the owner and the store.

⁵ OIG received a referral on the allegations from the NMHSD OIG's Investigations Bureau. The investigation was conducted jointly with the NMHSD OIG. The Social Security Administration's OIG assisted.

⁶ To date, five SNAP recipients have been indicted in Bernalillo County for violation of New Mexico statutes related to this scheme. Four pled guilty and received sentences up to 2 days in prison and 362 days' deferred incarceration (probation). They were ordered to pay restitution ranging from \$570 to \$2,900.

⁷ This investigation is being conducted jointly with the U.S. Fish and Wildlife Service and the Mississippi Department of Wildlife, Fisheries and Parks.