

Office of Inspector General, USDA Investigation Developments

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Joint Food Stamp Trafficking Investigation Results in Michigan Convenience Store Owner Being Sentenced, Ordered to Pay \$268,000 in Restitution, and Forfeit \$46,000

A joint investigation by OIG and the Michigan State Police disclosed evidence of food stamp trafficking at a Michigan convenience store. In April 2007, the store owner pled guilty to one count of wire fraud and one count of criminal forfeiture in Federal court in Michigan. The court sentenced the store owner to 15 months of imprisonment, 36 months of supervised release, ordered him to pay \$268,000 in restitution, and ordered forfeiture of \$46,000 in cash seized during execution of the search warrants.

Former Missouri Bank President and Spouse Are Sentenced and Ordered to Pay Restitution of \$397,397 for Bank Fraud and False Statements on Loan Applications

In August 2007, a former Missouri bank president was sentenced in Federal court in Missouri to 27 months of imprisonment and 60 months of probation. The OIG investigation revealed that the couple provided false information and listed collateral they did not own in order to obtain personal loans from the bank and the Farm Service Agency (FSA). The spouse was sentenced to 4 months of home confinement and 60 months of probation. The couple also was ordered to pay \$397,397 as joint restitution.

Two Georgia Tobacco Producers Sentenced, Fined \$80,000 Each and Ordered to Pay \$739,000 in Restitution for Misprision of a Felony

Two Georgia tobacco producers pled guilty in Federal court to misprision (concealment) of a felony. The producers initially were charged with conspiracy, false statements to the Risk Management Agency (RMA) and FSA, and money laundering. Before entering their guilty pleas, the producers paid \$739,000 in restitution. In addition, the court sentenced each producer to 48 months of probation and an \$80,000 fine. One of the producers also was ordered to resign from the Georgia Tobacco Growers Association and the Flue Cured Tobacco Stabilization Board in North Carolina. The OIG investigation disclosed that a third individual acted as a "front producer" for these two producers. The front producer's higher production yields were used to establish the expected production on units farmed by the other producers, who were ineligible for the higher yields. These inflated yields resulted in excessive eligible crop insurance payments during 2000 - 2004. The front producer cooperated in the investigation and received pretrial diversion.

Former Rural Development Employee Sentenced and Ordered to Pay \$160,484 for Theft and Embezzlement

An OIG Investigation disclosed that a former Rural Development (RD) Community Development Technician created fictitious loan files and grant applications and forged signatures in order to divert more than \$240,000 in Federal funds for her personal use. The former employee pled guilty in May 2007 to theft and embezzlement and was sentenced in August 2007 in Federal court in Missouri to 24 months of incarceration and 36 months of supervised release. The court also ordered restitution comprised of a payment of \$160,484, recovering \$42,414 from her retirement account, and \$6,061 in earned leave.

Company President Sentenced and Ordered to Pay \$164,940 in Restitution for False Documents in Crop Insurance Claims

The president of a New York agricultural research company falsified documents for numerous producers in the State to qualify them for 2001-2002 Crop Disaster Program benefits. The OIG investigation disclosed that the producers subsequently filed improper claims totaling more than \$195,000. In July 2007 he was sentenced in Federal court to serve 36 months of probation and ordered to pay \$164,940 in restitution.

Alleged Hurricane Katrina Victim Sentenced and Ordered to Pay Restitution for FEMA Fraud

In July 2007, a man was sentenced in Federal court in Mississippi to serve 60 months of probation and ordered to pay \$14,471 in restitution. The OIG investigation disclosed that he and three other individuals made false statements to the Federal Emergency Management Agency (FEMA) and fraudulently received Hurricane Katrina benefits.¹ One of the three other individuals previously received 36 months of probation and 40 hours of community service and was ordered to pay \$9,309 in restitution. The second individual was sentenced to 36 months of probation and ordered to pay \$5,375 in restitution.

Oregon Producer Sentenced for Threatening a FSA Employee

An OIG investigation found that an Oregon producer threatened an FSA farm program specialist, provided false statements, and converted mortgaged property valued at \$80,500 that had previously been pledged as collateral. The producer pled guilty to threatening a Federal employee. In July 2007, the producer was sentenced in Federal court in Oregon to 36 months of supervised release.

¹ After Hurricane Katrina, a number of Mississippi residents certified to FEMA that their homes were located on the Gulf Coast and applied for FEMA benefits. As part of the Hurricane Katrina Fraud Task Force, the Department of Homeland Security's (DHS) OIG asked USDA-OIG for assistance in determining the validity of these disaster claims. USDA-OIG agents found that some Electronic Benefits Transfer (EBT) recipients in the Food Stamp Program had used their EBT cards in central Mississippi – not in the Gulf Coast area damaged by Hurricane Katrina. This helped establish some claims as fraudulent. At this time, all subjects of this investigation have pled guilty and all but one has been sentenced.