



Extensive SNAP Fraud Activity at Flea Market Results in Sentences and Restitution Orders of \$1.7 Million and \$452,000—Florida

On October 11, 2016, in U.S. District Court, Southern District of Florida, a mother and son pled guilty to counts charging them with conspiracy to commit an offense against the United States and wire fraud. The son was sentenced to 41 months in prison and was ordered to pay \$1.7 million in restitution. The mother was sentenced to 12 months and 1 day in prison and was ordered to pay \$452,000 in restitution. This case was part of Operation Stampede/Operation Cash Hungry, a multi-agency investigation involving State and Federal law enforcement, as well as the U.S. Attorney's Office and the Florida Attorney General's Office. This joint investigation was based on information provided by the Florida Department of Children and Families regarding an identity theft case originating out of Palm Beach County. The identity thief took fraudulently obtained EBT cards to a flea market and exchanged Supplemental Nutrition Assistance Program (SNAP) benefits allocated to them for cash. Substantial evidence of SNAP fraud was obtained during the investigations, including EBT cards, cash, and ledgers.¹

Storeowner Sentenced to Prison and Ordered to Pay \$1.3 Million in Restitution to USDA for SNAP Fraud—Michigan

On October 3, 2016, in U.S. District Court, Eastern District of Michigan, a storeowner was sentenced pursuant to charges of SNAP and wire fraud. He was ordered to serve 30 months in prison and was ordered to pay approximately \$1.3 million in restitution to USDA. Additionally, \$38,000 of the fraud proceeds has been forfeited. From April to June 2014, multiple SNAP trafficking transactions for cash and ineligible items occurred at the Michigan store. The storeowner also conspired with owners of another local store in an effort to conceal/laundry fraudulent SNAP transactions at his store.

Fraud by Cattle Farmer Leads to Sentence and Restitution Order Results of \$262,000—Missouri

On October 3, 2016, in U.S. District Court, Western District of Missouri, a cattle farmer was sentenced to 2 years in prison without parole, and was ordered to pay \$262,000 in restitution to his victims, including the Farm Service Agency (FSA), a cattle company, and individual victims. This case was opened based on a referral from FSA that the farmer, who had both an Annual Operating Loan and a Term Operating Loan, was delinquent on his loans. He was in the county jail for receiving stolen property and it appeared he may have sold FSA collateral without its consent. The OIG investigation determined the defendant was in a three-part fraud scheme that caused a loss of almost \$300,000. He sold at least 114 head of FSA mortgaged cattle, which were valued at approximately \$138,000. The defendant also engaged in a scheme to remove ear tags from 646 head of cattle that were owned by others and had been placed in his care to graze.

¹ Many other sentencings have occurred in this case, including two storeowners whose sentences included restitution orders of \$873,000 and \$997,000, respectively. Another defendant was ordered to pay approximately \$127,000 in restitution.

He commingled these cattle with his own and sold \$124,000 worth of cattle that did not belong to him. He further made false statements to his insurance company by claiming cattle had either drowned or died, thereby receiving \$31,000 as a result. The defendant entered a guilty plea to fraud using property mortgaged to a farm credit agency. As part of his plea agreement, he agreed to waive his Chapter 7 Bankruptcy discharge.

Storeowner Sentenced to Imprisonment and Restitution of \$1.2 Million to USDA for Theft of Government Funds—New Jersey

On October 3, 2016, in U.S. District Court, District of New Jersey, a storeowner was sentenced to 2 years in prison and was ordered to pay \$1.2 million in restitution to USDA. OIG and the Department of Homeland Security's Homeland Security Investigations office (HSI) began an investigation of this store based on a referral from the Food and Nutrition Service's Retailer Investigation Branch (FNS RIB). During the course of the joint OIG and HSI investigation, multiple SNAP trafficking transactions occurred resulting in SNAP benefits being exchanged for U.S. currency. In May 2016, the store owner pled guilty to theft of Government funds. He agreed to forfeit approximately \$1.2 million under the terms of the plea agreement.

SNAP Fraud Results in Prison Sentence and Restitution Order of \$954,000—Michigan

On September 20, 2016, a storeowner was sentenced in U.S. District Court, Eastern District of Michigan, to 21 months in prison and was ordered to pay \$954,000 in restitution. During 2012, SNAP benefits were trafficked in exchange for cash, cigarettes, and other ineligible items at the owner's two stores. The search warrants yielded evidence of SNAP fraud to include numerous EBT cards, business banking records and inventory records. HSI personnel executed seizure warrants on bank accounts and cash located at the warrant locations, and in the process seized \$272,000. In May 2016, the storeowner pled guilty to food stamp fraud.²

Pre-Trial Diversion Agreement Includes \$52,000 Payment to FSA—South Dakota

On October 12, 2016, in U.S. District Court, District of South Dakota, the owner of a land and buffalo company agreed to terms of a pretrial diversion settlement agreement, which included a payment of \$52,000 to FSA. Additional monies have been recouped through administrative action. He submitted a Livestock Forage Program application to FSA for the loss of grazing land due to drought; the application resulted in a disaster payment of \$94,000. However, the investigation determined he was not in control of the grazing land during the drought period because he had leased it to another party. Furthermore, he did not have the 361 head of his cattle on the land, as he claimed on his application. He also falsified supporting documentation which he had submitted to FSA in support of his cattle numbers. He was indicted on counts related to fraudulent claims.

² This investigation was conducted jointly with the Michigan State Police Bridge Card Enforcement Team and HSI.

Storeowner Sentenced to County Jail and Restitution Order of \$810,000 for SNAP Fraud—California

On September 15, 2016, in Superior Court of California, Santa Clara County, a storeowner was sentenced to 1 year in county jail was ordered to pay \$810,000 in restitution. The case was initiated when OIG received a referral from FNS RIB alleging SNAP trafficking. OIG opened an investigation, during which several SNAP trafficking transactions occurred.

Defendant Sentenced and Ordered to Pay \$137,000 Restitution for Conversion of FSA-Mortgaged Property--Iowa

On October 12, 2016, in U.S. District Court, Northern District of Iowa, a farmer was sentenced to 6 months in prison and was ordered to pay \$137,000 in restitution. This OIG investigation was conducted to determine if this farmer converted property that was mortgaged to FSA and failed to apply those sales proceeds to his FSA loans. The investigation disclosed that he sold over 102,000 bushels of corn that was pledged as collateral for a FSA grain loan. He received \$332,000 from these sales and did not use any of these proceeds to pay down his FSA debt. Investigation further determined loan proceeds were not used in accordance with terms of the loan agreement. During 2015, FSA withheld \$58,000 in Agriculture Risk Coverage and Price Loss Coverage payments, which was applied to offset his debt to the agency.