



Former State Employee Receives Lengthy Sentence and is Ordered to Pay \$9.6 Million in Restitution for Bribery and Wire Fraud—Arkansas

On July 17, 2017, in U.S. District Court, Eastern District of Arkansas, a former Arkansas Department of Human Services (ADHS) employee was sentenced to 9 years in prison and ordered to pay \$9.6 million in restitution. The sentence followed her guilty plea to counts of bribery and conspiracy to commit wire fraud. The defendant acknowledged that she accepted bribes, both directly and via her husband, from six other defendants who operated USDA-funded Summer Food Service Programs and At-Risk Afterschool Programs, in exchange for approving their applications and helping them avoid scrutiny from ADHS. This is the latest sentencing resulting from the Office of Inspector General's (OIG) investigation into a fraud scheme involving a number of State employees and feeding program sponsors in Arkansas. As of August 1, 2017, nine individuals have been convicted and the court has ordered approximately \$11.9 million in restitutions. Judicial proceedings against other defendants are pending, including the aforementioned spouse.

Store Employees Sentenced and Ordered to Pay \$3 Million in Restitution for SNAP Fraud—Illinois

On July 5, 2017, in U.S. District Court, Northern District of Illinois, two store employees were each sentenced to 3 years in prison and ordered pay \$3 million in restitution jointly and severally. During the investigation into alleged trafficking of Supplemental Nutrition Assistance Program (SNAP) benefits, the two store employees exchanged SNAP benefits for cash. They pled guilty to wire fraud.¹

Defendant Sentenced and Ordered to Pay \$196,500 in Restitution for Theft of USDA-Insured Soybeans—Mississippi

On August 15, 2017, in U.S. District Court, Northern District of Mississippi, a defendant was sentenced to 51 months of incarceration and ordered to pay \$196,500 in restitution. OIG investigated whether the defendant and a co-conspirator stole soybeans from a grain bin owned by their former employer (a farmer). The soybeans were insured by USDA's Risk Management Agency. OIG's investigation determined that the two individuals stole approximately 12,300 bushels of soybeans. The soybeans were stolen from the farmer's grain bins in Mississippi and transported across the state line to Tennessee, and sold. The defendant was indicted on counts of transportation of stolen goods across state lines, money laundering, and conspiracy. He pled guilty to the transportation of stolen goods charge. The other defendant had been sentenced in 2016 to probation and \$1,500 in restitution.

Four Defendants Plead Guilty in Multi-State Dogfighting Investigation

On August 10 and 11, 2017, four defendants pled guilty in a multi-state dogfighting case that included the seizure of 85 pit bull terriers. The case began when OIG and the Drug Enforcement Administration

¹ OIG's investigation was conducted jointly with the Chicago Police Department and the United States Secret Service.

initiated an investigation into a suspected animal fighting venture in New Jersey. Federal search warrants were ultimately executed in Illinois, Indiana, New Jersey, North Carolina, New Mexico, and the District of Columbia. In addition to the aforementioned pit bulls, agents seized evidence that included dog treadmills; vials of liquids believed to be steroids; intravenous drug bags; and associated animal fighting paraphernalia. The guilty pleas pertained to charges such as felony counts related to selling and transporting dogs intended for use in an animal fighting venture, sponsoring animal fighting ventures, and possessing a stolen firearm subsequent to a felony conviction. Sentencing for the four defendants is scheduled to occur in October and November 2017. Judicial proceedings against other defendants are pending. The U.S. Department of Justice, Environment and Natural Resources Division, is prosecuting the case, with charging venue in the District of New Jersey and the Middle District of North Carolina.²

Store Owner Sentenced and Ordered to Pay \$840,000 in Restitution for Theft of Government Funds—New Jersey

On June 26, 2017, in U.S. District Court, District of New Jersey, a store owner was sentenced to 1 year and 1 day in prison and was ordered to pay \$840,000 in restitution. A final order of forfeiture was issued for approximately \$191,000 seized during the search warrant. A joint investigation with the U.S. Department of Homeland Security, Homeland Security Investigations (DHS—HSI) disclosed that the store owner and store employees exchanged SNAP benefits for cash at a discounted rate. The store owner pled guilty to theft of Government funds.

Defendant Sentenced to Probation and Restitution of \$143,300 for Conversion of Mortgaged Cattle—Missouri

On August 17, 2017, in U.S. District Court, Western District of Missouri, a defendant was sentenced to 5 years of probation and ordered to pay restitution of \$143,300. The restitution amount includes payment of \$78,400 to FSA. The Farm Service Agency's (FSA) Missouri State Office referred a case to OIG involving the conversion of cows and farm equipment. The defendant had used the cows and farm equipment to secure two FSA loans that totaled approximately \$162,000. Thereafter, an FSA county office became aware that the defendant had moved to North Dakota and left his remaining herd with another farmer. A site visit conducted by FSA showed that most of the cows and farm equipment used to secure the FSA loans were gone. FSA determined that the defendant did not own some of the farm equipment he listed on his security agreement, and he had entered into private leasing agreements on 53 dairy cows without disclosing the agreements to FSA. The defendant pled guilty to criminal conversion.

Store Owner and Spouse Sentenced and Ordered to Pay \$825,000 in Restitution for SNAP Fraud—Florida

On June 19, 2017, in U.S. District Court, Middle District of Florida, a store owner was sentenced to 2 years in prison, followed by 2 years of supervised release. On the same date, his wife was sentenced to 1 year and 1 day in prison, followed by 2 years of supervised release. The husband and wife were ordered

² The U.S. Marshals Service, the Federal Bureau of Investigation (FBI), DHS—HSI, and the Moore County Sheriff's Office (NC) assisted in the investigation.

to pay \$825,000 in restitution jointly and severally. The couple owned a small convenience store that was an authorized SNAP retailer. The investigation disclosed that the store exchanged SNAP benefits for cash and/or ineligible items. The husband and wife were indicted on charges related to wire fraud and SNAP fraud. The two pled guilty to wire fraud.³

Store Owner Resentenced to Incarceration after Conviction for SNAP Fraud and Money Laundering—Rhode Island

On June 30, 2017, in U.S. District Court, District of Rhode Island, a store owner's probationary sentence was rescinded, and he was subsequently sentenced to 31 months in prison. This sentencing resulted after it was discovered that the defendant provided false information at his initial sentencing in 2016. OIG's joint investigation had determined that the store trafficked in SNAP benefits. The store owner pled guilty to charges of conspiracy to commit SNAP fraud and money laundering. In 2016, he was originally sentenced to 5 years of probation, with the condition that he would serve 730 days of "intermittent confinement" at a Federal facility. He was also ordered to pay \$1.18 million in restitution at that time.⁴

Store Owner Sentenced and Ordered to Pay \$176,000 in Restitution to FNS for SNAP Fraud—Michigan

On July 17, 2017, in U.S. District Court, Eastern Judicial District of Michigan, a store owner was ordered to serve 1 year and 1 day in prison, followed by 3 years of supervised release, and was ordered to pay \$176,000 in restitution to the Food and Nutrition Service (FNS). Funds seized from the store's operations (approximately \$28,400) will be applied to the restitution order. The store owner pled guilty to wire fraud and food stamp fraud. During the OIG investigation, this store owner conspired with a second store owner to conceal and launder fraudulent SNAP transactions.⁵

³ OIG's investigation was conducted jointly with the Orange County Sheriff's Office and DHS—HSI.

⁴ OIG's investigation was conducted jointly with FBI, and FNS-Retailer Investigations Branch.

⁵ The other store owner was sentenced in 2016 to 2.5 years in prison and ordered to pay \$1.32 million in restitution to FNS. Additionally, \$38,100 of the fraud proceeds were subjected to forfeiture.