



## **Two Defendants Sentenced for SNAP and WIC Trafficking Scheme; Store Owner Ordered to Pay \$1.4 Million in Restitution—Maine**

On June 18, 2018, in U.S. District Court, District of Maine, two brothers, a store owner and a clerk, were sentenced for a trafficking scheme involving the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). The store owner was sentenced to 3 years in prison and was ordered to pay \$1.4 million in restitution (\$954,900 of which is joint and several with his brother). The store owner was also ordered to forfeit \$80,800 seized during the search and seizure executions. The second defendant, the store clerk, was sentenced to 2 years in prison and \$954,900 in joint and several restitution. This joint investigation<sup>1</sup> determined that the store was trafficking in SNAP benefits. Both defendants were charged with conspiracy to defraud and commit offenses against the United States. The store owner pled guilty to conspiracy to commit food stamp fraud, WIC trafficking, money laundering, and theft of Government funds. The store clerk was found guilty of conspiracy in a jury trial.

## **Defendant Sentenced and Ordered to Pay \$81,190 Restitution to USDA for False Statements Pertaining to RD Grant Funds—New Hampshire**

On June 15, 2018, in U.S. District Court, District of New Hampshire, a forestry institute's executive director was sentenced to 1 year in prison and ordered to pay \$81,190 in restitution to USDA. The investigation was initiated upon allegations that the defendant issued a fraudulent bill for payment, wrote a bad check, and provided fraudulent invoices to the Rural Business-Cooperative Service (RBS) in connection with \$81,300 in Rural Business Enterprise Grant funds. OIG's investigation revealed that the defendant submitted multiple Requests for Advance or Reimbursement containing false information. These requests created the impression that the forestry institute spent funds for authorized grant purposes and enabled the defendant to draw down grant funds. The defendant admitted to RBCS personnel that the grant funds were not used in accordance with the approved scope of work and that she manufactured contractor invoices. The defendant was found guilty of false statements at trial.

## **Defendant Sentenced and Ordered to Pay \$194,200 for Fraud Involving CACFP Funds—Wisconsin**

On June 28, 2018, in U.S. District Court, Eastern District of Wisconsin, the owner of a learning academy was sentenced to nine months in prison and ordered to pay \$194,200 in restitution. The learning academy participated in the Food and Nutrition Service's (FNS) Child and Adult Care Food Program (CACFP). The investigation was conducted to determine if the owner illegally obtained the CACFP funds. The OIG investigation disclosed that the defendant made false representations claiming he was a majority owner in the business to a bank and the Wisconsin Department of Public Instruction. By claiming to be a majority owner rather than correctly stating he was a minority owner, he was able to have sole access/authority for

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<sup>1</sup> USDA OIG, the Federal Bureau of Investigation, the Internal Revenue Service (IRS)-Criminal Investigation division, and the Maine Department of Health and Human Services participated in the investigation.

the bank account. Using this access, he embezzled CACFP funds from the business account and used the funds to take numerous personal vacations.

### **Former USDA Employee Sentenced for Theft of Government Funds—Oregon**

On June 13, 2018, in U.S. District Court, District of Oregon, a former USDA employee pled guilty to theft of Government funds and was sentenced to 2 years of probation, 40 hours community service, and ordered to pay \$1,050 in restitution. This was a joint investigation<sup>2</sup> into the use of the GSA Fleet Card by an employee of the Agricultural Marketing Service (AMS). The employee was terminated for unrelated issues subsequent to the opening of the investigation.

### **Two Defendants Sentenced Related to SNAP Fraud Scheme, Ordered to Pay \$693,200 in Restitution—California**

In June 2018, a store owner and a store employee were sentenced in U.S. District Court, Eastern District of California, for their roles in a SNAP trafficking scheme in a market. On June 11, 2018, the store's manager was sentenced to 21 months in prison and was ordered to pay \$693,200 restitution, jointly and severally, with an employee of the store. Two weeks later on June 25, 2018, a store employee was sentenced to 27 months in prison and ordered to pay \$693,200 in restitution, jointly and severally, with the manager. OIG initiated an investigation upon receiving a referral from FNS' Retailer Investigations Branch (RIB) and the Merced County District Attorney's Office Investigations Unit about possible SNAP trafficking at the market. During this joint investigation,<sup>3</sup> the employee exchanged SNAP benefits for cash on several occasions. The manager admitted that she was responsible for making large cash withdrawals she knew would be used for trafficking SNAP benefits. Both defendants were charged with multiple counts related to the fraud scheme and ultimately pled guilty to conspiracy to commit wire fraud.

### **Defendant Ordered to Pay \$101,400 in Restitution Related to Receipt of Federal Benefits—Oregon**

On May 30, 2018, in U.S. District Court, District of Oregon, a SNAP recipient accepted a diversion agreement and agreed to pay \$101,400 in restitution pertaining to improperly received Supplemental Security Income (SSI) and medical benefits. The defendant accepted the agreement in lieu of prosecution. The joint investigation<sup>4</sup> determined that at least two family members resided in a foreign country and received SNAP, SSI, and medical benefits that were provided to ineligible relatives residing in the United States. The defendant sentenced above submitted an application for SNAP, Social Security, and health care benefits that contained false statements.

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<sup>2</sup> USDA OIG and the General Services Administration (GSA) OIG participated in this investigation.

<sup>3</sup> USDA OIG and the U.S. Marshals Service participated in the investigation.

<sup>4</sup> Previously, two other family members convicted in the case received sentences that included restitutions of \$220,500 and \$142,000, respectively. Another family member is currently a fugitive. This was a joint investigation conducted by USDA OIG, SSA OIG, State of Oregon, and the U.S. Department of Justice.