



INVESTIGATIONS

Defendant Sentenced and Ordered to Pay \$15,782 in Restitution for Wire Fraud—Texas

On October 2, 2019, in U.S. District Court, Western District of Texas, a Farm Service Agency (FSA) borrower was sentenced to 6 months in prison and 60 months of supervised release and 200 hours of community service. The borrower also was ordered to pay \$15,782 in restitution, jointly and severally with a former farm loan officer, and a \$100 special assessment fee. On September 2, 2016, OIG initiated this investigation to determine if a former farm loan officer in Uvalde, Texas, conspired to make FSA loans to unqualified borrowers in exchange for kickbacks from the loan proceeds. The investigation determined that from 2011 through 2016, the former farm loan officer made multiple loans to unqualified borrowers with whom she had personal relationships, totaling at least \$166,696—\$65,000 of which was diverted to the former farm loan officer. On June 27, 2017, FSA terminated the farm loan officer, and on December 6, 2017, in U.S. District Court, Western District of Texas, the farm loan officer and two FSA borrowers were charged in a multi-count indictment with conspiracy to commit wire fraud, wire fraud, and false statements. On December 4, 2018, the first FSA borrower was sentenced to 10 months in prison and 60 months of supervised release and ordered to pay \$142,961 in restitution, jointly and severally with the former farm loan officer. On April 8, 2019, the former farm loan officer was sentenced to 24 months in prison and 60 months of supervised release, and ordered to pay \$166,744 in restitution, jointly and severally with the two FSA borrowers, and a \$100 special assessment fee.

Defendant Sentenced and Ordered to Pay \$866,732 in Restitution for SNAP Wire Fraud—Illinois

On September 30, 2019, in U.S. District Court, Northern District of Illinois, a Chicago-area store owner was sentenced to 21 months in prison and ordered to pay \$866,732 in restitution. OIG initiated this investigation based on indications that a convenience store in Chicago, Illinois, was processing extremely high amounts of Supplemental Nutrition Assistance Program (SNAP) transactions. OIG's investigation determined that the convenience store's owner fraudulently obtained SNAP funds by trading discounted amounts of cash for SNAP benefits from individual electronic benefit transfer (EBT) card holders and by permitting customers to purchase ineligible items with their EBT cards. The store owner was indicted in U.S. District Court, Northern District of Illinois, on two counts of wire fraud, and he pled guilty to a single count of wire fraud.

Defendant Sentenced and Ordered to Pay \$8,258 in Restitution for Welfare Wire Fraud—California

On September 26, 2019, in California Superior Court, Los Angeles County, a SNAP recipient was sentenced to 6 days in prison and ordered to pay \$8,258 in restitution subsequent to the recipient's guilty plea to one count of welfare fraud. Additionally, the SNAP recipient will be returned to the Nevada Department of Corrections to serve the remainder of her 12-to-30-month sentence for a probation violation. OIG initiated this investigation based on a referral from USDA's Food and Nutrition Service, which reported that the owners and employees at three stores located in Palmdale, California, exchanged SNAP benefits for cash. During executed search warrants, investigators obtained evidence of SNAP fraud, and all three storeowners confessed to trafficking SNAP benefits in exchange for cash. Additionally, several other SNAP recipients were identified as allegedly committing SNAP fraud along with the three storeowners. Between May 2 and July 17, 2019, as a result of OIG's investigation, eight individuals—including one of the storeowners—pled guilty to fraud-related offenses and were sentenced in California Superior Court to a total of 4 years and 14 days in prison (plus time-served for two defendants) and 216 months of probation and 800 hours of community service. The individuals also were ordered to pay over \$1.1 million in restitution and \$440 in court fees.

Defendant Sentenced and Ordered to Pay \$55,078 Restitution for Welfare Wire Fraud—Michigan

On September 27, 2019, in U.S. District Court, Eastern District of Michigan, an individual was sentenced to 1 day in prison and 24 months of supervised release and ordered to pay a \$100 special assessment fee and \$55,078 in restitution. This investigation was conducted to determine if the owner and/or employees of a produce store and another company trafficked SNAP benefits. The investigation disclosed that the above owners exchanged SNAP benefits for credit payments and also subsequently purchased SNAP benefits. On May 14, 2019 and July 9, 2019, in U.S. District Court, Eastern District of Michigan, two store co-owners were each sentenced to 1-day time served and 36 months of supervised release and ordered to pay a \$100 fine and \$500,000 in restitution. One of the co-owners was also ordered to complete 150 hours of community service. The two co-owners made a full restitution payment to USDA prior to sentencing. During June 2019, a co-conspirator who brought SNAP cards to illegally transact at the store pled guilty to related charges.

RECENTLY PUBLISHED AUDITS

Audit Report 50503-0002-12, *U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2019 Federal Information Security Modernization Act*, Oct. 2019. ([PDF](#))

Audit Report 60026-0001-21, *OASCR—Final Action Verification—Review of Expenditures Made by the Office of the Assistant Secretary for Civil Rights—50099-0001-12*, Oct. 2019 ([PDF](#))

Audit Report 27702-0001-22, *Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria*, Oct. 2019. ([PDF](#))

Audit Report 08026-0001-31, *Final Action Verification for Audit of Forest Service Wildland Fire Activities—Hazardous Fuels Reduction*, Sept. 2019. ([PDF](#))

Audit Report 27026-0001-31, *Final Action Verification for Audit of FNS National School Lunch and School Breakfast Programs*, Sept. 2019. ([PDF](#))

Audit Report 02601-0001-24, *ARS' Animal Welfare Act Controls to Prevent Mistreatment of Animals Used For Researching Parasitic Diseases*, Sept. 2019. ([PDF](#))

Audit Report 27026-0001-41, *FAV—FNS Controls Over SNAP Benefits for Able-Bodied Adults Without Dependents*, Sept. 2019. ([PDF](#))

Audit Report 11401-0004-31, *Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management FY 2019*, Sept. 2019. ([PDF](#))

Audit Report 10601-0007-31, *Agricultural Conservation Easement Program—Application Process and Selection Priorities*, Sept. 2019. ([PDF](#))

Audit Report 11403-0001-12, *Statement on Standards for Attestation Engagement No. 18 Report on Controls at National Finance Center for October 1, 2018 to July 31, 2019*, Sept. 2019. ([PDF](#))

Audit Report 10601-0005-31, *Environmental Quality Incentives Program Payment Schedules*, Sept. 2019. ([PDF](#))

Audit Report 11403-0002-12, *Statement on Standards for Attestation Engagement No. 18 Report on Controls at Financial Management Services for October 1, 2018 to June 30, 2019*, Sept. 2019. ([PDF](#))

Audit Report 10601-0006-31, *Natural Resources Conservation Service Equitable Relief*, Sept. 2019. ([PDF](#))

Audit Report 08702-0001-41, *Forest Service's Controls Over its 2018 Supplemental Disaster Appropriations*, Sept. 2019. ([PDF](#))