



INVESTIGATIONS

Defendant Sentenced to 22 Months in Prison and Ordered to Pay \$1 Million in Forfeiture for Wire Fraud—Iowa

On October 28, 2019, in U.S. District Court, Northern District of Iowa, a farmer was sentenced to 22 months in prison to be followed by 36 months of supervised release and ordered to pay a \$100 special assessment, a \$100,000 fine, and \$1 million in forfeiture. From 2007 to 2014, the National Organic Program (NOP) received several complaints from customers who had purchased organic grain (corn and soybeans) from a grain broker. When customers tested the purchased grain for genetically modified organisms (GMO), the results were indicative of GMO traits, which would cause the grain to be ineligible for organic certification under NOP standards. The OIG investigation revealed that from at least 2010 to 2017, the grain broker sold grain that was marketed as being certified organic, but in reality contained GMOs and was treated with unapproved substances. The farmer who was sentenced on October 28, 2019, was also a partner in multiple other businesses associated with this operation. He is the fifth individual who has pled guilty in this case. On May 10, 2019, in U.S. District Court, Northern District of Iowa, the farmer pled guilty to one count of an information, charging him with conspiracy to commit wire fraud. On August 16, 2019, in U.S. District Court, Northern District of Iowa, four other defendants were sentenced and received, respectively: 122 months in prison to be followed by 36 months of supervised release and ordered to pay a \$100 special assessment, \$205,604 in restitution, and a \$128,190,128 monetary judgement; 24 months in prison to be followed by 36 months of supervised release and ordered to pay a \$100 special assessment and a \$1 million monetary judgement; 20 months in prison to be followed by 36 months of supervised release and ordered to pay a \$100 special assessment and a \$1 million monetary judgement; and 3 months in prison to be followed by 36 months of supervised release and ordered to pay a \$100 special assessment and a \$1 million monetary judgement.

Defendant Sentenced for SNAP Fraud—Oregon

On October 28, 2019, in Oregon Circuit Court, Clackamas County, a shop owner was sentenced to 30 days in prison, 18 months of probation, and 64 hours of community service. This sentencing followed his guilty plea to two counts each of unlawfully obtaining a food stamp benefit and computer crime. OIG initiated this investigation based on information that a shop was exchanging Supplemental Nutrition Assistance Program (SNAP) benefits for cash. The investigation was jointly worked with the Clackamas County Sheriff's Office. On June 7, 2019, in Clackamas County Circuit Court, the shop owner was indicted on five counts each of unlawfully obtaining a food stamp benefit and computer crime.

Defendant Sentenced to 111 Months in Prison and Ordered to Pay a Fine and Restitution for Animal Cruelty—Maryland

On October 29, 2019, in Maryland Circuit Court, Anne Arundel County, an individual was sentenced to 111 months in prison to be followed by 60 months of supervised probation and ordered to pay a \$45 fine and \$237 in restitution. Additionally, the individual may not own or possess any animals. The sentencing

follows the individual's guilty plea to four counts of animal cruelty. The Anne Arundel County, Maryland Police Department (AAPD) contacted OIG after AAPD observed videos on a social media account depicting dogs being trained in a manner consistent with methods used in dogfighting. The individual was subsequently charged with two counts of aggravated cruelty to an animal, and one count each of dogfighting, possession and training a dog for a dog fight, and providing premises for a dog fight.

Defendants Sentenced to Prison, Probation, and Home Confinement and Ordered to Pay \$1.12 million in Restitution for SNAP Fraud—Michigan

On November 8, 2019, in U.S. District Court, Eastern District of Michigan, a store employee was sentenced to 4 months in prison and 24 months of probation and ordered to pay restitution of \$233,247. He was also ordered to sell two motorcycles and remit the proceeds towards restitution. Additionally, on the same day, a storeowner was sentenced to 4 months of home confinement to be followed by 24 months of probation and ordered to pay restitution of \$1.12 million. This sentencing followed their February 14, 2019, guilty pleas to charges of food stamp fraud and making a false tax return. The store employee and storeowner had previously been charged via an information on September 7, 2018, with the aforementioned violations. On February 19, 2014, this investigation was initiated to determine whether the owners and employees of a shop were trafficking SNAP benefits. OIG's initial investigation revealed that the store owners and employees purchased SNAP benefits in exchange for cash. Subsequent search warrants and related interviews yielded additional evidence of SNAP trafficking.

On March 15, 2018, in U.S. District Court, Eastern District of Michigan, an additional storeowner pled guilty to one count of an information charging him with SNAP fraud. As part of the plea agreement, the storeowner acknowledged his role in a conspiracy responsible for \$984,926 in SNAP fraud from 2009 to 2014, and he accepted responsibility for \$96,801 in income tax fraud resulting from his failure to report income derived from the operation of the store. This investigation was conducted jointly with the Internal Revenue Service Criminal Investigation Division and the Genesee County (Michigan) Sheriff's Department.

Defendant Sentenced to 37 Months in Prison and Ordered to Pay a \$50,000 Fine and \$754,425 in Restitution for SNAP Fraud—New Jersey

On November 14, 2019, in U.S. District Court, District of New Jersey, a storeowner was sentenced to 37 months in prison to be followed by 36 months of supervised release and ordered to pay a \$100 special assessment, a fine of \$50,000, and \$754,425 in restitution. OIG initiated this investigation based on a referral resulting from a compliance investigation conducted by the Food and Nutrition Service (FNS) Retailer Investigations Branch, who reported that SNAP benefits were exchanged for cash at a Newark, New Jersey, grocery store. OIG's investigation confirmed that the owner of the grocery store exchanged SNAP benefits for cash on multiple occasions. On August 29, 2018, in U.S. District Court, District of New Jersey, the storeowner was charged in a criminal complaint, and on September 19, 2018, a Federal grand jury charged him with committing SNAP fraud. On July 25, 2019, in U.S. District Court, District of New Jersey, the storeowner pled guilty to one count of SNAP trafficking.

Defendant Sentenced to 36 Months in Prison and 75 Hours of Community Service and Ordered to Pay \$84,442 in Restitution for SNAP Fraud—Kentucky

On November 14, 2019, in U.S. District Court, Western District of Kentucky, a meat company employee was sentenced to 36 months of probation and 75 hours of community service and was ordered to pay \$84,442 in restitution jointly and severally with the operator of the company. OIG initiated this investigation in order to determine if persons associated with a meat company conspired to defraud SNAP.

OIG's initial investigation revealed that from January to July 2016, the operator and an employee of the company purchased multiple electronic benefits transfer (EBT) cards and converted the SNAP benefits to their personal use. This sentencing was based on an earlier guilty plea and charges detailed in an information that was filed in U.S. District Court, Western District of Kentucky on February 24, 2017. On July 15, 2019, in U.S. District Court, Western District of Kentucky, the meat delivery company employee pled guilty to a one-count information charging her with SNAP fraud. This was a joint investigation with the Federal Bureau of Investigation.

RECENTLY ISSUED AUDITS

Audit Report No. 10403-0002-11, *Natural Resources Conservation Service's Financial Statements for Fiscal Year 2019*, Nov. 2019. ([PDF](#))

Audit Report No. 06403-0002-11, *Commodity Credit Corporation's Financial Statements for 2019 and 2018*, Nov. 2019. ([PDF](#))

Audit Report No. 85401-0010-11, *Rural Development's Financial Statements for Fiscal Years 2019 and 2018*, Nov. 2019. ([PDF](#))

Audit Report No. 05401-0011-11, *Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2019 and 2018*, Nov. 2019. ([PDF](#))

Audit Report No. 11601-0001-12, *USDA's Fiscal Year 2019, First Quarter DATA Act Submission*, Nov. 2019. ([PDF](#))