



INVESTIGATIONS

Six Defendants Collectively Sentenced to 99 Months in Prison and 144 Months of Supervised Release and Ordered to Pay Over \$16,000,000 in Monetary Judgements for Wire Fraud and Money Laundering—Illinois

On July 13, 2020, in U.S. District Court, Northern District of Illinois, six store owners/managers were sentenced to the following, respectively:

- prison for 36 months and 36 months of supervised release, and also ordered to pay \$3,181,842.74 in restitution;
- prison for 18 months and 24 months of supervised release, and also ordered to pay \$2,775,970.99 in restitution;
- prison for 15 months and 24 months of supervised release, and also ordered to pay \$2,775,970.99 in restitution;
- prison for 15 months and 24 months of supervised release, and also ordered to pay \$2,039,482.17 in restitution;
- prison for 15 months and 24 months of supervised release, and also ordered to pay \$2,978,906.86 in restitution; and
- home confinement for 6 months and 36 months of probation, and also ordered to pay \$2,978,906.86 in restitution.

On October 29, 2015, United States Department of Agriculture (USDA) Office of Inspector General (OIG) initiated this investigation based on allegations of Supplemental Nutrition Assistance Program (SNAP) trafficking at several stores located in Rockford, Illinois. OIG's investigation determined that between April 2015 and January 2017, several storeowners schemed to defraud USDA by fraudulently accepting and redeeming SNAP benefits exchanged for discounted amounts of cash, knowing that such exchanges were prohibited under SNAP. Two individuals previously owned stores that were permanently disqualified from participating in SNAP in 2014 after the USDA Food and Nutrition Service found that SNAP trafficking had been conducted at those stores. Between November 4, 2019, and January 27, 2020, in U.S. District Court, Northern District of Illinois, the six store owners/managers pled guilty to charges including wire fraud and money laundering. A seventh individual was also charged with wire fraud, food stamp fraud, money laundering, and conspiracy to commit money laundering; he remains a fugitive outside of the United States. This investigation was worked jointly with the Internal Revenue Service, Criminal Investigation Division, the Rockford Police Department, and the Winnebago County Sheriff's Office.

Defendant Sentenced to 24 Months of Probation and Ordered to Pay Restitution for Assistance Fraud—Nebraska

On July 13, 2020, in Nebraska District Court, Second Judicial District, a SNAP recipient was sentenced to 24 months of probation. She was also ordered to pay \$262 in fines and \$3,393 in restitution. On July 19, 2018, OIG initiated this investigation in order to determine if a Nebraska SNAP recipient fraudulently received SNAP benefits for two of her children, who were allegedly residing outside the United States. The U.S. Citizenship and Immigration Service disclosed that two of the SNAP recipient's children departed the United States on April 7, 2015, and have not returned to the United States. Between April 2015 and April 2018, the SNAP recipient submitted falsified SNAP and Aid to Dependent Children benefit applications to the Nebraska Department of Health and Human Services (DHHS) in order to receive benefits for herself and her children. When interviewed, the SNAP recipient admitted she submitted falsified benefit applications to DHHS representing that two of her children were residing with her when they were actually residing in the State of Palestine with their paternal grandparents. On July 10, 2018, in Nebraska District Court, Second Judicial District, the SNAP recipient was charged in an information for state assistance fraud of \$1,500 or more. On December 31, 2018, the charges were amended to State assistance fraud of \$500 or more, to which the SNAP recipient pled guilty.

Defendant Sentenced to 36 Months of Probation and Ordered to Pay \$1,500 Fine for Animal Fighting—Mississippi

On July 14, 2020, in U.S. District Court, Southern District of Mississippi, a defendant was sentenced to 36 months of probation. He was also ordered to pay a \$100 special assessment and a \$1,500 fine. On February 20, 2018, USDA OIG initiated this investigation in order to determine if a Mississippi resident was actively engaged in an animal fighting venture. Evidence previously seized by the Rankin County (Mississippi) Sheriff's Department (RCSD) indicated that the man bred and trained pit bulls for the purpose of dogfighting. OIG's and RCSD's investigation concluded that the man was actively engaged in an animal fighting venture that included organized gambling. On November 19, 2019, in U.S. District Court, Southern District of Mississippi, the man was charged by information with one count each of violating two separate animal fighting venture prohibition statutes. On March 5, 2020, he pled guilty to one count of violating the animal fighting venture prohibition. This investigation was conducted jointly with the RCSD.

Defendant Sentenced to 24 Months in Prison, 60 Months of Probation, and Ordered to Pay \$20,325 in Restitution for Fraudulently Obtaining Food Stamps and Willful Concealment—Idaho

On July 15, 2020, in Idaho District Court, Seventh Judicial District, a SNAP recipient was ordered to pay an additional \$12,000 in restitution to USDA; the total restitution in this case was determined to be \$20,325. Previously, on October 28, 2019, in Idaho District Court, Seventh Judicial District, the SNAP recipient was sentenced to 24 months in prison and 60 months of probation. She was also ordered to pay a \$750 fine and \$8,325 in restitution. On January 18, 2017, OIG initiated this investigation based on a referral from the Idaho Department of Health and Welfare (IDHW), who reported that from January 2011 through December 2016, a SNAP recipient residing in Utah provided false documentation to the state of Idaho in order to obtain approximately \$29,477 in SNAP benefits to which she was not

entitled. OIG's investigation determined that the SNAP recipient received benefits from the state of Idaho while she resided in Utah. Additionally, she failed to report her income as well as that of her husband, with whom she resided. On July 17, 2017, in Idaho District Court, Seventh Judicial District, a criminal complaint was filed charging the SNAP recipient with one count of public assistance fraudulently obtained by means of a false statement, representation, or omission. On August 27, 2019, the SNAP recipient pled guilty to one count each of fraudulently obtaining food stamps and willful concealment.

Defendant Sentenced to 12 Months in Prison, 36 Months of Probation, and Ordered to Pay \$1,550,756 in Restitution for SNAP Fraud and Conspiracy to Commit SNAP Fraud—Connecticut

On July 15, 2020, in U.S. District Court, District of Connecticut, a store employee was sentenced to 12 months and 1 day in prison and 36 months of supervised release. The employee was also ordered to pay a \$200 special assessment and restitution of \$1,550,756 (jointly and severally with the other employees of the same store, whose sentencings are detailed below). On September 25, 2014, OIG initiated this investigation in order to determine if the storeowner and/or employees of a convenience store exchanged SNAP benefits for cash. OIG's investigation established that from November 18, 2014, through April 6, 2016, four store employees exchanged \$6,841 in SNAP benefits for \$2,705 in cash. Between August 17, 2016, and August 7, 2018, in U.S. District Court, District of Connecticut, five employees were charged with SNAP fraud and conspiracy to commit SNAP fraud via a criminal complaint. Two employees were also later separately indicted by a Federal grand jury. On September 6, 2019, the charges against one of the employees were dismissed. On November 28, 2016, March 30, 2017, and June 14, 2019, respectively, in U.S. District Court, District of Connecticut, three employees separately pled guilty to charges of conspiracy to commit SNAP fraud or SNAP fraud. The three employees were subsequently sentenced to 30 months in prison and 36 months of supervised release, and ordered to pay a \$200 special assessment; 30 months in prison and 24 months of supervised release, and ordered to pay a \$200 special assessment; and 33 months in prison and 36 months of supervised release, respectively. All three employees were ordered to pay \$1,550,756 in restitution jointly and severally with the other store employees.

Defendant Sentenced to 60 Months of Probation, 100 Hours of Community Service, and Ordered to Pay \$4,957 in Restitution for SNAP Fraud—California

On July 15, 2020, in California Superior Court, County of San Bernardino, a SNAP recipient was sentenced to 60 months of probation and ordered to perform 100 hours of community service. The recipient was also ordered to pay \$4,957 in restitution. The SNAP recipient previously pled guilty to one count of SNAP fraud. This was a joint investigation with the Pasadena Police Department; the Federal Bureau of Investigation; the Department of Homeland Security, Homeland Security Investigations; California Alcoholic Beverage Control; and the San Bernardino County Welfare Department. On December 11, 2015, OIG initiated this investigation based on SNAP Electronic Benefits Transaction (EBT) card transactions that were flagged at a store in Pasadena, California. OIG's investigation determined that the storeowner exchanged SNAP benefits for cash and ineligible items, including alcohol. Numerous items were recovered from the store and the store owner's residence, including EBT cards and personal identification numbers, tax returns, and store records. Two SNAP recipients have been sentenced in addition to the previously-described

SNAP recipient, all of whom trafficked SNAP benefits at the store. On December 8, 2017, in California Superior Court, County of San Bernardino, the first SNAP recipient was charged with SNAP trafficking, and, on June 1, 2018, pled guilty to one count of SNAP fraud. On July 17, 2018, the SNAP recipient was sentenced to 36 months of probation and ordered to complete 120 days of community service. The SNAP recipient was also ordered to pay \$1,682 in restitution and 10% in court fees. On August 24, 2018, the second SNAP recipient pled no contest to one count of misdemeanor food stamp fraud and was sentenced to 60 months of probation and 1 day in prison. The recipient was also ordered to pay \$4,365 in restitution. On June 21, 2018, in California Superior Court, County of Los Angeles, the storeowner was charged with one count of SNAP fraud, one count of accessing and using computer data to commit fraud, and nine counts of money laundering. On June 7, 2019, he pled guilty to one count of SNAP fraud and was sentenced to 40 months in prison. He was also ordered to pay \$1,723,725 in restitution to FNS.

RECENTLY ISSUED AUDITS

Report 24601-0003-21, *Controls Over Imported Meat and Poultry Products*, July 2020.