

USDA OFFICE OF INSPECTOR GENERAL

Investigations and Audit Update May 2021

INVESTIGATIONS

Animal and Plant Health Inspection Service

Multiple Defendants Sentenced for Roles in Cockfighting Case—Georgia

In December 2019, a Georgia Sheriff's Department raided an in-progress cockfight. Deputies estimated the attendance at the cockfight to be over 200 individuals, but they were only able to apprehend 14 at the time. Subsequently, 41 individuals were charged by the Sheriff's Department.

In February 2020, the U.S. Attorney's Office (USAO) for the Southern District of Georgia (SDGA) requested assistance from the United States Department of Agriculture (USDA) Office of Inspector General (OIG) with the cockfighting case. On May 20, 2020, a Federal grand jury in SDGA returned an indictment on 38 individuals, 7 of whom received a felony charge and 31 of whom received a misdemeanor charge related to animal fighting. The other three individuals were not Federally charged due to lack of evidence.

As of May 4, 2021, 27 individuals have pled guilty to a misdemeanor. There have also been 16 plea agreements, 27 special assessments in the amount of \$500 each, 26 fines in the amount of \$25 each, 3 sentences of 12 months' probation each, and 1 deportation. The case against one individual was dismissed.

Food and Nutrition Service

Two Individuals Sentenced to a Collective 65 Months in Prison and Ordered to Pay More than \$4 Million for Supplemental Nutrition Assistance Fraud—New Jersey

This investigation was initiated based on a review of a New Jersey market's excessive electronic benefit transfer (EBT) transactions. This New Jersey market became authorized to participate in the Supplemental Nutrition Assistance Program (SNAP) in July 2011. On the SNAP application, the storeowner furnished the

Food and Nutrition Service (FNS) with a notarized affidavit stating that a specific individual, who was previously affiliated with a supermarket (that was permanently disqualified from participating in SNAP in March 2011), would not be involved in the ownership or operation, or share in the profits, of the market under his ownership. The permanent disqualification prohibited the individual affiliated with the market from further participation in SNAP as an authorized retailer.

The investigation revealed that several transactions were conducted at the storeowner's market with the permanently disqualified individual and his wife, during which SNAP benefits were exchanged for cash at a discount. The permanently disqualified individual and his wife were both charged in a criminal complaint with SNAP fraud, aiding and abetting, and conspiracy to commit wire fraud. The permanently disqualified individual was also charged with one count of conspiracy to launder money.

After they were charged, the individual and his wife were arrested and a Federal search warrant was executed at the market. Pursuant to the search warrant, approximately \$2,526 in U.S. currency was seized from the business. The permanently disqualified individual's wife pled guilty to conspiracy to commit SNAP fraud and the permanently disqualified individual pled guilty to SNAP fraud and conspiracy to launder money.

On May 4, 2021, the permanently disqualified individual was sentenced to 41 months in prison, followed by 3 years of supervised release. His wife was sentenced to 24 months in prison, followed by 3 years of supervised release. Both were ordered to pay restitution in the amount of \$4,663,760, jointly and severally.

This was a joint investigation between USDA OIG and the Department of Homeland Security, U.S. Immigration and Customs Enforcement, Homeland Security Investigations. This case was prosecuted by the USAO for the District of New Jersey.

Co-Conspirator Sentenced to 1 Year in Prison and Ordered to Pay \$464,385 in Restitution to the Food and Nutrition Service for Making False Statements—North Carolina

This investigation was initiated based on information received from the North Carolina Department of Social Services that a business owner committed SNAP fraud at his small grocery store. The investigation revealed that the business owner fraudulently obtained a SNAP vendor license and allowed SNAP recipients to exchange benefits for cash and ineligible items.

In a previous investigation, the business owner had pled guilty to making material

false statements in connection with a Federal crop insurance fraud investigation. Due to the felony conviction, the business owner could not legally obtain a SNAP vendor license. In order to obtain a SNAP vendor license, the business owner recruited another person, who, at his direction, created a business entity, opened a bank account in the name of that entity, and submitted a SNAP vendor application that contained false information. The co-conspirator received authorization to be a SNAP vendor in August 2013. The business owner was in complete control of the SNAP vendor license and used it at his grocery store.

The investigation revealed that the business owner received approximately \$464,385 in fraudulent SNAP benefits and transferred these funds to his bank account. Also during this period, the business owner trafficked SNAP benefits and allowed individuals to exchange benefits for cash or ineligible purchases.

Subsequently, in the Eastern District of North Carolina, the business owner was charged with SNAP fraud and conspiracy to launder money. The business owner pled guilty as charged, and on April 29, 2020, he was sentenced to 48 months in prison and 3 years of supervised release.

On March 24, 2020, the co-conspirator was charged with making material false statements on an electronic SNAP vendor application. On July 29, 2020, the co-conspirator pled guilty as charged, pursuant to a plea agreement. On May 6, 2021, the co-conspirator was sentenced to 12 months and 1 day in prison, followed by 3 years of supervised release. Both were ordered to pay \$464,385 in restitution to FNS, jointly and severally.

Rural Development

Former Executive Director Sentenced to 24 Months in Prison and Ordered to Pay \$325,621 in Restitution for Embezzlement—Maine

This investigation was initiated based on a referral from the U.S. Environmental Protection Agency (EPA) OIG alleging that the acting executive director of the Hancock County Planning Commission (HCPC) embezzled federal funds from HCPC. HCPC, an organization that provides community planning and development services to local communities in the Hancock County region in Maine, received funds from the EPA and USDA's Rural Development. The investigation revealed that the former acting executive director of HCPC and former treasurer of another charitable corporation embezzled \$325,621 from the two organizations.

According to court records, from June 2015 through April 2019, the former acting executive director embezzled \$325,621 from the two not-for-profit organizations where she had previously been employed. She carried out the scheme by fraudulently

transferring funds from one organization to another, then converting the funds to her own use.

On March 2, 2020, in U.S. District Court for the District of Maine, the former acting executive director was charged via criminal information. On December 10, 2020, she pled guilty to wire fraud and theft or bribery concerning programs receiving Federal funds.

On May 27, 2021, the former acting executive director was sentenced to 24 months in prison, followed by 3 years of supervised release. She also was ordered to pay restitution in the amount of \$325,621.

This investigation was conducted jointly with the Federal Bureau of Investigation and the EPA OIG.

Audit

USDA's Information Technology Incident Response Consideration

Audit Report 88801-0001-12

May 26, 2021

OIG performed an inspection of the Office of the Chief Information Officer (OCIO) within USDA to determine whether USDA followed Federal and Departmental incident response guidance. OIG interviewed OCIO staff to gain an understanding of OCIO's incident handling process and reviewed documentation provided by staff to determine if OCIO's incident handling process complies with applicable laws and regulations. We determined that USDA follows Federal incident response guidance for incident handling; however, OCIO did not follow all Departmental guidance.