

USDA OFFICE OF INSPECTOR GENERAL

Investigations and Audit Update April 2021

INVESTIGATIONS

Food and Nutrition Service

Storeowner and Wife Ordered to Pay \$1.1 Million in Restitution to the Food and Nutrition Service for SNAP Fraud—California

This investigation was initiated as the result of a referral from the United States Department of Agriculture (USDA) Food and Nutrition Service's (FNS) Retailer Investigations Branch (RIB). RIB disclosed that the owners and/or employees of a store were alleged to be trafficking Supplemental Nutrition Assistance Program (SNAP) benefits in exchange for cash. The Office of Inspector General's (OIG) investigation determined that, on several occasions, the storeowner or his wife trafficked SNAP benefits in exchange for cash as well as ineligible items, including alcohol. Five SNAP recipients, who were also customers, admitted to trafficking their SNAP benefits at the store.

The Superior Court of California issued an arrest warrant for the storeowner and his wife; however, prior to being arrested, they fled the state of California. Soon after, both were arrested at their residence in Arizona. The Department of Homeland Security's Immigrations and Customs Enforcement (ICE) issued an immigration detainer for the storeowner's wife, who is a citizen of Ghana residing illegally in the United States.

After the storeowner and his wife were ordered extradited and transported back to California, the storeowner pled No Contest to one count each of grand theft and SNAP fraud. His wife pled the same to one count of SNAP fraud. On March 12, 2019, the storeowner was sentenced to 3 years and 8 months in county prison. The storeowner's wife was sentenced to 3 years of felony probation. The State did not honor ICE's immigration detainer. Therefore, she was released from ICE custody.

On April 16, 2021, after multiple continuations of the restitution hearing, the storeowner was ordered to pay \$1.1 million in restitution to FNS.

Arizona Individual Sentenced to 16 Years in Prison for Unlawful Use of Food Stamps and Drug Possession—Arizona

This investigation began when USDA OIG partnered with the Phoenix Police Department (PPD) and the Arizona Department of Economic Services OIG to investigate SNAP-authorized retailers and other businesses/people in the city of Phoenix, Arizona, for alleged trafficking of SNAP benefits.

As part of this effort, the PPD exchanged SNAP benefits and cash for drugs and guns on multiple occasions. During the investigation, the PPD exchanged at least \$4,423 in SNAP benefits and \$5,966 in cash for at least 12 guns, many of which have been found to be stolen and/or used in the commission of a crime; high capacity magazines; hollow point bullets; and Xanax, hashish, methamphetamine, and other drugs. These transactions occurred with at least 15 different individuals at multiple locations.

As a result of this investigation, 20 individuals have been identified as trafficking SNAP benefits and/or exchanging them for guns and/or illegal drugs. Of these 20 individuals, 15 were charged criminally and have been convicted for various violations, as well as sentenced, from 2018 to the present. One individual was charged, but the indictment was dismissed.

One of these 15 individuals was indicted on three counts of misconduct involving weapons, one count of unlawful use of food stamps, one count of sale or transportation of narcotic drugs, and one count of possession of marijuana for sale. Subsequently, the individual pled guilty to one count of trafficking in stolen property, two counts of robbery, one count of misconduct involving weapons, one count of unlawful use of food stamps, and one count of sale or transportation of narcotic drugs.

On April 22, 2021, in the Superior Court of Arizona, this individual was convicted of one count each of possession of a weapon by a prohibited person, unlawful use of food stamps, and sale or transportation of narcotic drugs. He was sentenced to 16 years in prison and ordered to pay \$3,780 in fines. The remaining four individuals in this case either have not been charged or not convicted or sentenced.

[Store Operator Sentenced to 27 Months in Prison and Ordered to Pay \\$351,459 in Restitution for SNAP Fraud and Money Laundering—Pennsylvania](#)

USDA OIG began this joint investigation with the Department of Homeland Security Homeland Security Investigations (HSI) and Internal Revenue Service,

Criminal Investigation (IRS-CI) into a grocery store alleged to be involved in trafficking SNAP benefits. The investigation revealed that two store employees exchanged SNAP benefits for U.S. currency and illegally reproduced counterfeit DVDs. The investigation also revealed that the storeowner was present for most of these transactions.

USDA OIG agents, with the assistance of HSI and IRS-CI, executed a Federal search warrant at the grocery store and charged the storeowner's son-in-law in a criminal information. Afterwards, the son-in-law pled guilty to SNAP fraud and money laundering.

On April 29, 2021, in U.S. District Court, Western District of Pennsylvania, the son-in-law was sentenced to 27 months in prison, followed by 2 years of supervised release. He also was ordered to pay restitution in the amount of \$351,459.

This case is being prosecuted by the U.S. Attorney's Office for the Western District of Pennsylvania.

AUDIT

No audits or inspections were issued during the month of April 2021.

