

USDA OFFICE OF INSPECTOR GENERAL

Investigations and Audit Activities Completed in October 2021

Investigations

Farm Service Agency

Individual Sentenced to 10 Months in Prison and Ordered to Pay More than \$50,000 in Restitution for Conversion of Property—Iowa

This case was referred to the U.S. Department of Agriculture (USDA) Office of Inspector General (OIG) by the Farm Service Agency (FSA). FSA alleged that an individual applied for and received a loan for \$50,000 for the purchase of 50 head of cattle. However, the individual never made any payments toward the loan. The individual also admitted to FSA that they only purchased 32 head of cattle with the loan money and then proceeded to spend the rest of the loan money for gambling, food, and other various items not related to cattle. Furthermore, the individual admitted to selling the 32 head of cattle and keeping the proceeds. The only payment paid toward the loan was a \$5,000 check made by the individual's family member. The individual still owes the Government a total of \$47,415 in principal and \$268 in loan interest. On February 11, 2021, the individual signed a plea agreement. On March 1, 2021, the U.S. Attorney's Office for the Northern District of Iowa filed an information that charged the individual with one count of conversion of property pledged to a farm credit agency.

On October 4, 2021, the individual was sentenced and received 10 months in prison and 3 years of supervised release. The individual was also ordered to pay \$52,684 in restitution.

Departmental Management

Former Department of Agriculture Contractor Sentenced in Bribery Case—Washington, D.C.

OIG initiated an investigation into allegations of misconduct regarding contracting activities by several employees within USDA's Office of Homeland Security (OHS), formerly known as USDA's Office of Homeland Security and Emergency Coordination. The

investigation revealed that a senior Government employee within OHS accepted bribes, gifts, or gratuities from a contractor and conspired to steer and/or unlawfully award contracts to the contractor and its subsidiaries. The employee retired while the investigation was ongoing. In May 2021, the former senior Government employee pled guilty to one count of bribery, and on August 10, 2021, was sentenced to 48 months of probation, with the first 180 days to be served in home detention, and was ordered to pay a \$110,000 fine.

On October 4, 2021, the contractor's former Chief Executive Officer was sentenced to 48 months of probation and 400 hours of community service, and was fined \$150,000.

Of the remaining four USDA employees involved in the investigation, one resigned, one passed away, and two were reassigned after a term of administrative leave.

Animal and Plant Health Inspection Service

Lead Defendant in Dogfighting Operation Sentenced to 46 Months in Prison for Conspiracy to Violate the Animal Welfare Act—Georgia

USDA OIG initiated an investigation into a dogfighting operation, and during the investigation, USDA OIG learned a dogfight was supposed to take place in a specific county. USDA OIG notified the county law enforcement office and plans were made to execute a search warrant during the dogfight. Though the agents were unable to locate the dogfight, they did locate a group of vehicles leaving the suspected dogfight area. Soon after, agents from a Georgia county drug task force, the Georgia Department of Natural Resources, a Georgia county sheriff's office, the Georgia State Patrol, and USDA OIG initiated a traffic stop of four vehicles. The four vehicles contained seven individuals. One of those individuals had a bloody and scarred pit bull inside a dog carrier in his truck; it appeared to have been in a dogfight recently. Subsequently, the agents were able to locate the residence where the dogfight had occurred.

After locating where the dogfight had taken place, a State search warrant was executed at the residence. At the residence, agents noticed numerous pit-bull-type dogs, a disassembled dogfighting pit, and items used to train dogs to fight. Two days later, USDA OIG agents wrote a search warrant affidavit and obtained a Federal seizure warrant issued by the U.S. Southern District of Georgia (SDGA).

Following the State search warrant, USDA OIG agents executed a Federal search warrant at the location of the dogfight. USDA OIG obtained the assistance of the U. S. Marshals Service (USMS) and, utilizing an animal care contracting group, seized 63 dogs and a variety of dogfighting paraphernalia. During the execution of the search warrant, agents also found four mass burial sites containing numerous dogs in various states of decay. Agents were able to determine that several of the dogs had bullet holes in their skulls. After the 63 dogs were seized, 9 puppies were born, bringing the total to 72 dogs. Of those 72 dogs, 41 had to be euthanized due to medical or behavioral issues and 31 were successfully adopted out.

USDA OIG agents worked with a Special Assistant U.S. Attorney to prepare indictments against seven individuals. In October 2020, a grand jury in the SDGA indicted the seven individuals on charges of conspiracy, violating the Animal Welfare Act, and other related Federal charges. In December 2020, all seven individuals were arrested on a Federal arrest warrant executed by USDA OIG and USMS. All seven individuals have subsequently pled guilty.

On October 29, 2021, one individual was sentenced to 5 years of probation and was ordered to pay a \$1,000 fine. On the same date, another individual was sentenced to 18 months in prison, followed by 3 years of supervised release and was fined \$1,500.

Lastly, on the same date, the lead defendant was sentenced to 46 months in prison, followed by 3 years of supervised release. The lead defendant also was fined \$5,000. All three individuals are prohibited from owning dogs during their supervised release.

The other four individuals were sentenced earlier in June, July, and September of 2021.

Natural Resources Conservation Service

Former Natural Resources Conservation Service Employee Sentenced for Violation of the Wiretapping Act—Ohio

The USDA Natural Resources Conservation Service (NRCS) referred this investigation of Wiretapping Act violations involving a former NRCS General Schedule (GS)-11 employee to OIG. The former employee used a voice-activated audio recorder disguised as a thumb drive to surreptitiously record their supervisor and coworkers in the office, as well as their spouse at their home. A review of the device revealed hundreds of recordings made in the office and at the former employee's residence. The investigation also revealed that the former employee broke into a locked cabinet in a victim's office and downloaded several years' worth of emails and other documents to a flash drive, then put them on a home personal computer.

On March 28, 2019, search warrants issued by the U.S. District Court for the Northern District of Ohio were executed at the former employee's residence and NRCS office. The recording device was recovered, along with other evidence of the former employee's criminal activity.

In November 2020, the former employee resigned from USDA NRCS.

In July 2021, the former employee appeared in court and entered a plea of guilty to a six-count Information that charged them with one count of theft of Government property, one count of false statements, and four counts of interception of communications.

On October 28, 2021, the former employee was sentenced to 9 months in prison, followed by 3 years of supervised release. The former employee also was ordered to pay a \$600 special assessment.

Food and Nutrition Service

Individual and Co-Conspirator Sentenced for Trafficking Prescription Pills and Supplemental Nutrition Assistance Program Fraud—New Jersey

In a joint effort with the Federal Bureau of Investigation (FBI), the U.S. Department of Health and Human Services OIG, and many other law enforcement agencies, USDA OIG began an investigation into the illegal procurement, use, and conversion of Supplemental Nutrition Assistance Program (SNAP) benefits by an individual and several co-conspirators, including the individual's son. The investigation revealed that electronic benefits transfer cards were unlawfully exchanged for U.S. currency and controlled substances, such as oxycodone, Adderall, and Xanax. Upon further investigation, the investigation revealed a comprehensive illegal drug network, which included the buying and selling of prescription pills in New Jersey. The primary distributors were the individual and a co-conspirator.

In March 2020, 18 separate criminal complaints were authorized, charging 18 subjects with conspiracy to distribute and possess with the intent to distribute controlled substances. Later that month, the individual and the individual's adult child, along with 15 other co-conspirators, were arrested. Nine of the defendants, plus the individual and the individual's adult child, pled guilty to drug trafficking offenses involving the distribution of prescription drugs. In August 2021, one defendant was sentenced to 1 year in prison, and in September 2021, another defendant was sentenced to 3 years of probation and 3 months of home detention.

On October 8, 2021, in U.S. District Court, District of New Jersey, the individual was sentenced to 70 months in prison, followed by 36 months of supervised release. The individual also was ordered to pay restitution of \$8,374. On this same date, the individual's adult child was sentenced to 5 years of probation, with 14 months of home detention with location monitoring, and also was ordered to pay \$2,676 in restitution.

Storeowner and Family Members Sentenced for Supplemental Nutrition Assistance Program Fraud—Michigan

USDA OIG agents established that SNAP benefits were being exchanged for cash and ineligible items at a Michigan convenience store that was authorized to accept those benefits. Specifically, the benefits were exchanged with the storeowner, the storeowner's spouse, and two of the storeowner's adult children. Previously, the Food and Nutrition Service (FNS) had permanently disqualified the storeowner from participating in SNAP, so the convenience store operated under a family member's name.

USDA OIG agents, along with Homeland Security Investigations, Michigan State Police, and local county sheriff's office personnel executed Federal search warrants at the convenience store and the storeowner's residence.

Following the search warrants, an information was filed in U.S. District Court, Eastern District of Michigan charging the true storeowner, the storeowner's spouse, and one of the storeowner's adult children with conspiracy to defraud the United States. In April 2019, in U.S. District Court, Eastern District of Michigan, all three individuals pled guilty to the charge.

In November 2020, the true storeowner's second adult child accepted a pretrial diversion deferment of prosecution after admitting they participated in a conspiracy to defraud the United States. Their prosecution was deferred for 6 months beginning in November 2020, after they agreed to follow the diversion requirements. They were also ordered to perform 60 hours of community service.

On October 12, 2021 and October 13, 2021, in the Eastern District of Michigan, the storeowner and the storeowner's spouse were sentenced on one count of conspiracy to defraud the United States. The storeowner was sentenced to 36 months of home confinement and 36 months of probation. The storeowner was also ordered to pay \$2,081,098 in restitution to FNS. The storeowner's spouse was sentenced to 18 months of probation and was ordered to pay \$539,574 in restitution to FNS. Restitution was joint and several among defendants.

On October 19, 2021, the true storeowner's first adult child and final defendant, who had pled guilty to conspiracy to defraud the United States, was sentenced to 12 months of probation and was ordered to pay \$507,000 in restitution joint and several with their co-defendants and parents.

Individual Sentenced to 96 Months in Prison and Ordered to Pay Over \$1 Million in Restitution for Fraud—Florida

This case began when the FBI provided USDA OIG information that led to a case involving an individual who misrepresented their income on applications for assistance. The investigation revealed that the individual misrepresented their income on multiple applications for assistance through Florida's Automated Community Connection to Economic Self Sufficiency system. The fraudulent applications resulted in the individual receiving approximately \$21,836 in SNAP benefits.

In June 2020, a Florida Federal grand jury returned a 22-count indictment against the individual. The individual was charged with mail, wire, and access device fraud; aggravated identity theft; theft of government funds; and false representation with a social security number.

On October 25, 2021, in U.S. District Court for the Middle District of Florida, the individual pled guilty to all 22 counts of the indictment. They were sentenced to 96 months in prison, followed by 36 months of supervised release. The office manager also was ordered to pay \$1,161,186 in restitution, of which \$23,054 is payable to the Florida Department of Children and Families.

This joint investigation was conducted with the FBI, a Florida County Sheriff's Office, and the Florida Department of Financial Services, Division of Public Assistance Fraud.

Audit

Regional Forester Authorities for Cost Share Agreements—Inspection Inspection Report 08801-0001-41 October 6, 2021

The OIG's objective was to assess the adequacy of the design of the Forest Service (FS) policies and procedures to ensure that the duties and responsibilities of its personnel are adequately segregated from initiating, approving, or executing reimbursable agreements or cost share agreements (CSA) in accordance with Standards for Internal Control in the Federal Government.

The FS protects natural resources on National Forest System lands and adjacent State and private lands. FS' collaboration with Federal, State, and local governments is essential to effectively control fires. When a fire impacts multiple jurisdictions, those jurisdictions may enter into a CSA. Each fire generally has its own CSA that establishes the share of the overall fire suppression costs that FS, along with other entities, pays, and is based on the commitment, support, and coordination framework established in the corresponding Cooperative Fire Protection Agreements (CFPA).

In 2020, the Office of Management and Budget (OMB) restricted funds to FS' Pacific Southwest Region (Region 5) until the duties and responsibilities of Region 5 personnel are adequately segregated from initiating, approving, or executing reimbursable agreements or CSAs. Prior to the OMB restriction, FS' Washington Office revised its standard operating procedures (SOP) for administering CFPAs and reimbursable agreements. OIG found that, while FS had established adequate controls surrounding CFPAs, the agency did not establish adequate controls surrounding CSAs, which are instrumental in establishing the actual share of the overall fire suppression cost FS pays. Without controls to ensure CSAs are consistent with their corresponding CFPAs, there is no assurance that the costs FS pays for fire suppression are fair and equitable.

OIG also found that the FS Washington Office had not established a formal process for reviewing and approving regions' supplemental SOPs for administering CFPAs and reimbursable agreements. Without this process, FS has reduced assurance that regions will timely submit supplemental SOPs to the Washington Office for review and approval. Finally, FS did not adequately address the Washington Office SOP in its directives system, specifically the handbook. Although FS stated in the handbook that the Washington Office SOP contained "a description of process steps and required key control activities in accordance with the GAO Green Book, to include controls to separate incompatible duties and responsibilities," it did not specify in the handbook what the process steps or required key control activities were,

or their significance to the overall control environment for administering CFPAs. As a result, FS risks that the Washington Office SOP may not be fully implemented as intended.

FS generally agreed with OIG's findings and recommendations and OIG accepted management decision on all six recommendations.

**COVID-19—Oversight of the Emergency Food Assistance Program—Interim Report
Audit Report 27801-0001-21(2)
October 18, 2021**

The objective of our ongoing inspection is to evaluate FNS oversight of the Emergency Food Assistance Program (TEFAP). This report provides the interim results on what criteria FNS used to approve States for food and administrative funds provided under the Families First Coronavirus Response (FFCR) and Coronavirus Aid, Relief, and Economic Security (CARES) Acts.

TEFAP is a USDA program that provides supplemental food assistance to persons in need. TEFAP provides Federally purchased commodities (USDA-foods) to States and territories (States) to distribute to recipient agencies serving low-income households and individuals. TEFAP also provides administrative funds to cover States' and recipient agencies' costs associated with the transportation, processing, storage, and distribution of USDA-foods and foods provided through private donations.

We concluded that the FFCR and CARES Acts did not change regulatory requirements to allocate TEFAP food funds and convertible food funds (administrative funds). Consistent with regular TEFAP operations, the FNS set aside a portion of the funds appropriated under the FFCR and CARES Acts to cover operational food costs. The agency also allocated funds to each State to cover food and administrative costs based on TEFAP's regular statutory funding formula. FNS allocates funds to States based on this formula and does not allow States to request a specific amount of food or administrative funds outside of what is allocated by the formula.

FNS did not use different criteria to allocate food assistance and convertible food funds for either the FFCR Act or CARES Act. However, in order to ensure States were eligible to receive CARES Act funds, FNS implemented an additional eligibility requirement. Although FNS implemented this additional requirement, OIG did not find any indication that it negatively impacted the integrity of the program, as all States complied with the requirement. OIG did not identify any issues that would warrant recommendations; therefore, OIG did not make any recommendations in this report.

Security Over USDA Web Applications
Audit Report 50801-0002-12
October 27, 2021

OIG performed an inspection of four mission areas within USDA to determine if the mission areas were identifying and mitigating vulnerabilities on their public-facing web applications and websites. OIG reviewed vulnerability scanning policies, procedures for identifying and mitigating vulnerabilities, as well as public-facing web application and website inventories. OIG also reviewed the four mission areas' processes pertaining to website and web application vulnerability management. This report contains sensitive content. It is being withheld from public release due to concerns about the risk of circumvention of law.

U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2021 Federal Information Security Modernization Act
Audit Report 50503-0005-12
October 29, 2021

The OIG objectives of this audit were to evaluate the status of the USDA overall information technology (IT) security program by evaluating the five cybersecurity framework security functions. OIG also reviewed corrective actions taken by the Office of the Chief Information Officer (OCIO) to implement OIG's prior audit recommendations.

USDA continues to take positive steps to improve its IT security posture, but many weaknesses remain. For FY 2018–2020, there were 10 open recommendations at the beginning of fiscal year (FY) 2021. During FY 2021, four recommendations were closed. OIG has also issued 16 new recommendations based on security weaknesses identified in FY 2021.

The Office of Management and Budget (OMB) establishes standards for an effective level of security and considers “Managed and Measurable” to be a sufficient level. However, OIG found the Department's maturity level to be at the lower “Consistently Implemented” level. Based on OMB's criteria, the Department's overall score indicates an ineffective level of security. The Department and its agencies must develop and implement an effective plan to mitigate security weaknesses identified in the prior fiscal year recommendations. OCIO generally concurred with the findings and recommendations in the report.

Due to existing security weaknesses identified, OIG continues to report a material weakness in USDA's IT security that should be included in the Department's Federal Managers Financial Integrity Act report.