

The United States Attorney's Office

## Eastern District of North Carolina

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**FOR IMMEDIATE RELEASE:**

**MONDAY - June 23, 2008**

**TWO PLEAD GUILTY IN CROP INSURANCE FRAUD  
AND MONEY LAUNDERING SCHEME**

**RALEIGH** - United States Attorney George E.B. Holding announced that in federal court **JOSEPH EUGENE EASON**, 77, of Macclesfield, North Carolina and **KENNETH GENE KELLY**, 46, of Lucama, North Carolina pled guilty before United States District Judge James C. Dever, III. The plea hearings occurred today.

A Criminal Information naming **EASON** was filed on May 15, 2008, charging him with conspiracy to launder money in violation of Title 18, United States Code, Section 1956(h). The Bill of Information alleges that **EASON**, along with others, engaged in a scheme to defraud crop insurance companies of funds ultimately reimbursed by the United States of America and worked with a Wilson, North Carolina tobacco broker to sell tobacco in the names of others.

A Criminal Information naming **KELLY** was filed on June 17, 2008 charging him with conspiracy to launder money in violation of Title 18, United States Code, Section 1956(h). The Bill of Information alleges that **KELLY**, along with others, engaged in a scheme to defraud crop insurance companies of funds ultimately reimbursed by the United States of America and facilitated the concealment of proceeds of the scheme through his operation of a Wilson, North Carolina tobacco brokerage. The Bill of Information further alleges that **KELLY** broke down checks for tobacco into a series of smaller sums that would facilitate the farmer's desire to avoid the possibility that the relevant financial institution would file a Currency Transaction Report when or if the farmer cashed the check.

Conspiracy to launder money in violation of Title 18, United States Code, Section 1956(h) is punishable by up to twenty years in prison, a fine of \$500,000 or twice the value of funds involved in the offense, whichever is more, and up to three years of supervised release.

*United States Attorney George E.B. Holding said, "No one should regard the end of the tobacco quota program as a license to commit crop insurance fraud. These guilty pleas are just the most recent successes in a long-term, multi-agency effort to protect the integrity of our agricultural markets."*

Internal Revenue Service-Criminal Investigation, Acting Special Agent in Charge, Betty N. Stewart stated, "*These guilty pleas today confirm that with teamwork and cooperation among all levels of law enforcement cases are brought to justice.*"

In February, 2008, six other defendants associated with this operation, entitled *Under the Barn*, pled guilty.

Investigation of the case was conducted by the Internal Revenue Service-Criminal Investigation, the United States Department of Agriculture-Office of Inspector General, and the United States Department of Agriculture-Risk Management Agency. Assistant United States Attorney Joshua B. Howard served as prosecutor for the government.

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