

Office of Inspector General, USDA Investigation Developments

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Joint Investigation Results in Iowa Producer Being Sentenced, Ordered to Pay \$1,200,000 in Restitution for Conversion of Mortgaged Collateral

An Iowa Federal court in May 2008 sentenced a producer to 71 months in prison, 36 months of probation, and ordered him to pay \$1,200,000 in restitution for conversion of mortgaged collateral. The Office of Inspector General (OIG) investigation, conducted with the Social Security Administration's (SSA) OIG, disclosed that while producer pledged 62,000 bushels of grain as collateral for a Commodity Credit Corporation (CCC) loan, much of the grain belonged to other producers. The producer subsequently sold some of the mortgaged grain and failed to remit proceeds to the Farm Service Agency (FSA).

Ohio State Court Sentences Dogfighting and Gambling Organizer to 162 Months in Prison for Dogfighting and Marijuana Offenses

An OIG undercover investigation—part of the ongoing Ohio Organized Crime Investigations Commission Taskforce—disclosed that an Ohio man was the principal organizer of a dogfighting and gambling organization in the Dayton and Cincinnati metropolitan areas, as well as other parts of Ohio, Kentucky, and Michigan. In June 2008, a State Court in Hamilton County, Ohio sentenced the organizer to 162 months in prison for involvement in dogfighting and marijuana possession/trafficking.

Investigation by OIG and IRS Results in Illinois Grocery Store Owner Being Sentenced, Ordered to Forfeit \$698,000, and to Pay Restitution of \$1 Million for Food Stamp Trafficking

A joint investigation conducted by OIG and the IRS resulted in a former grocery store owner being sentenced by an Illinois Federal court in May 2008 to 12 months in prison, 36 months of probation, ordered to forfeit \$698,000 and pay restitution of \$1.08 million for food stamp trafficking. The investigation revealed that between May and December 2002, the store owner redeemed approximately \$716,000 in food stamp benefits despite reported annual food sales of only \$170,000. It was also disclosed that he operated and trafficked in food stamp benefits at two additional stores involving approximately \$489,000 in food stamp benefits.

Pennsylvania Woman Sentenced, Ordered to Pay \$99,000 in Restitution for False Statements Regarding \$100,000 of Food Stamp and Other Benefits

As a result of a joint investigation by OIG and SSA's OIG, a Federal court in June 2008 sentenced a Pennsylvania woman to 5 months in prison, 5 months of home detention, and ordered her to pay \$99,000 in restitution for providing false statements to Government agencies. The investigation disclosed that the woman's false statements resulted in her fraudulently receiving approximately \$100,000 in food stamp, medical, and Social Security benefits.

Ohio Producer Sentenced, Ordered to Pay \$630,000 in Restitution for Conversion of Collateral Mortgaged to Commodity Credit Corporation

An OIG investigation revealed that a producer obtained two CCC self-certifying loans totaling over \$630,000 by pledging 125,000 bushels of soybeans and 125,000 bushels of corn as collateral, respectively. He subsequently sold the pledged collateral for both loans. The investigation also disclosed that the producer was appointed as attorney-in-fact for two brothers in connection with another FSA/CCC loan and that he converted their mortgaged property as well. A Federal court in Ohio in April 2008 sentenced a producer to six months of imprisonment, 36 months of supervised release, and ordered him to pay over \$630,000 in restitution for conversion of mortgaged collateral.

New York Grocery Owner Sentenced, Ordered to Pay \$422,000 in Restitution for Food Stamp Trafficking

An OIG investigation revealed that between October 2006 and April 2007, a grocery store owner engaged in a total of \$422,000 of fraudulent food stamp transactions. In June 2008, a Federal district court in New York sentenced the store owner to 57 months in prison and ordered him to pay \$422,000 in restitution.

Illinois Corporation Sentenced, Ordered to Pay \$196,000 in Restitution and Forfeit \$47,000 for Food Stamp Trafficking

A joint investigation conducted by OIG, IRS, and the U.S. Postal Service disclosed that employees of an Illinois corporation had illegally discounted Electronic Benefit Transfer (EBT) benefits for cash. The corporation was sentenced in April 2008 by the U.S. District Court, Northern District of Illinois, to 10 months of probation, ordered to pay \$196,000 in restitution, and ordered to forfeit over \$47,000.

North Dakota Subcontractor's Attempt to Export Substandard Food Items Results in \$40,000 Fine and Probation

An OIG investigation disclosed that employees of a subcontractor replaced higher graded peas with substandard peas and attempted to export them to Kenya. This action violated an existing contract with the McGovern-Dole Food for Education Program administered by FSA and resulted in false official certificates being submitted to the Federal Grain Inspection Service. A North Dakota Federal court in April 2008 sentenced the subcontractor to 12 months of probation and ordered them to pay a \$40,000 fine.