

United States Attorney's Office Northern District of Iowa

PRESS RELEASE

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United States Attorney, Matt Dummermuth announced today that the United States Attorney for the Northern District of Iowa, United States Department of Agriculture (USDA) and its entities the Federal Crop Insurance Corp., (FCIC) and Risk Management Agency (RMA) has entered into a monetary settlement with Farmers Crop Insurance Alliance (FCIA) for alleged false claims that were submitted by former employees and agents of North Central Crop Inc., (NCCI) for reimbursement of federal crop insurance indemnities in the years 1998 through 2003. NCCI is in no way directly liable for any of the alleged damages paid in the settlement as FCIA purchased NCCI and the individuals responsible for the alleged submission of false claims are no longer employed by FCIA.

The government contends that in 1998 a NCCI Claims Supervisor, along with a crop insurance agent submitted or caused to be submitted false documents reporting that an insured had a 100 percent interest in a soybean crop planted in South Dakota when they had personal knowledge that the insured had no insurable interest in the crop. Allegedly, in 2000, this same NCCI Claims Supervisor and crop insurance agent again submitted or caused to be submitted false crop insurance documents reporting that an operator's hired hand and his brother had 100 percent interest in a soybean crop when in fact they had no insurable interest.

In 2001, this same NCCI Claims Supervisor and crop insurance agent and others knew or should have known that prevented planting claims filed in southern Iowa were false based on the onsite inspections they conducted during the growing season.

Finally, in 2002, this same NCCI Claims Supervisor allegedly used white-out on a soybean claim form concealing notes describing the fact that the soybeans were broadcast seeded, which is an uninsurable practice, and therefore, not eligible for an indemnity payment. The insured producer was not involved in the concealment of the uninsurable practice, but is required to re-pay the indemnity payment.

This settlement is one of several related settlements and prosecutions of an ongoing investigation into farm program fraud in the Northern District of Iowa. The investigation involves more than a dozen insured farmers, several crop insurance companies, and a crop insurance agent. Several defendants have received prison sentences and others have been suspended and/or barred from participation in USDA farm programs. The government has obtained civil and criminal judgments in excess of 5 million dollars. Civil charges are currently pending against the crop insurance agent.

The case was handled by Assistant United States Attorney Martha A. Fagg. Three agencies within the United States Department of Agriculture, Craig Hangsleben of the Office of Inspector General, Mark Price and Scott Tincher, from the compliance division of the Risk Management Agency, and Robert Bird, of the Office of General Counsel, conducted the investigation.