

Office of Inspector General, USDA Investigation Developments

>> *November 13, 2006* <<

Grocery Store Employees in New Jersey Sentenced for Food Stamp Fraud

On October 20, 2006, a retail grocery store employee was sentenced in U.S. District Court, District of New Jersey, for Conspiracy to Commit Food Stamp Fraud. The employee was sentenced to 21 months of incarceration and ordered to pay \$370,716 in restitution. The OIG investigation determined that three employees of the retail grocery store discounted Electronic Benefit Transfer benefits for cash. Previously, on October 4, 2006, the other two retail grocery store employees were also sentenced to pay \$370,716 in restitution and were placed on probation for a term of 36 months. The OIG investigation was worked jointly with the U.S. Secret Service.

Texas Producer and Corporation Sentenced, Ordered to pay \$362,775 for Farm Subsidy Fraud

A Texas producer and a corporation were sentenced in U.S. District Court, Northern District of Texas, on September 29, 2006, to serve 60 months of probation and were ordered to pay \$362,775 in restitution. The OIG investigation disclosed that during 2000, individuals operating independently, as a corporation, and as other farming entities, fraudulently participated in the Risk Management Agency (RMA) and Farm Service Agency (FSA) programs. The parties shifted their 2000 cotton production (totaling approximately \$400,000) and reported the same production for program payments. In June 2006 the producer pled guilty to misprision of a felony.

Woman in Mississippi Sentenced for Fraudulent Receipt of Hurricane Disaster Benefits

On October 3, 2006, a woman was sentenced in U.S. District Court, Southern District of Mississippi, to serve 36 months of probation and was ordered to pay \$4,000 in restitution to the Federal Emergency Management Agency (FEMA). The OIG investigation disclosed that three individuals fraudulently received FEMA emergency assistance related to a damaged dwelling that was unoccupied for the prior 2 years. The ineligible applicants included the woman who submitted the application, a food stamp recipient serving prison time in the State penitentiary, and an individual residing in a drug rehabilitation unit. In July 2006 the woman pled guilty to making false claims to FEMA in relation to Hurricane Katrina disaster benefits.

Former Grocery Store Owner in New York Sentenced for Food Stamp Trafficking and Money Laundering; Ordered to Pay \$560,000 to USDA and Forfeit \$485,000

On September 12, 2006, a former retail grocery store owner was sentenced in U.S. District Court, Western District of New York, on charges of Food Stamp Trafficking and Money Laundering. The former store owner was sentenced to 60 months' probation, ordered to make \$560,000 in restitution to USDA, and ordered to forfeit \$485,000 in cash seized by OIG at the time of arrest. The OIG investigation disclosed that from October 2004 through March 2005, the former grocery store owner redeemed over \$1.3 million dollars in illegally obtained food stamp benefits. In April 2005, the former store owner was arrested and in June 2005 OIG and the IRS executed bank seizure warrants on the store's bank accounts and seized \$530,493 in cash.

Retail Grocer in North Carolina Sentenced, Ordered to Pay \$131,845 for WIC Fraud

On September 5, 2006, a retail grocery store owner was sentenced in U.S. District Court, Eastern District of North Carolina, to 30 months' incarceration and was ordered to pay \$131,845 in restitution. The OIG investigation disclosed that the grocery store owner was involved in a \$200,000 Woman, Infants and Children Program (WIC) fraud scheme and the sale of illegal pharmaceutical drugs. The owner was charged with conspiracy to commit fraud involving USDA's WIC Supplemental Nutritional Food Program and trafficking in illegal pharmaceutical drugs. In May 2006 he pled guilty to conspiracy to commit wire fraud by selling and depositing the WIC vouchers into the banking system.

Two Men in Florida Sentenced for Smuggling Contaminated Produce

On August 23, 2006, two men were sentenced in U.S. District Court, Southern District of Florida, to 6 months' home confinement, 24 months' probation, 150 hours of community service, and ordered to pay a fine of \$3,500. The OIG investigation disclosed that a produce importer was involved in a substitution/smuggling scheme to introduce produce contaminated with pesticides into U.S. commerce in violation of Federal law. In March 2006 the men were charged with conspiracy, entry of goods by means of false statements, and smuggling goods into the U.S. This OIG investigation was conducted jointly with the Food and Drug Administration and the Department of Homeland Security/Immigration & Customs Enforcement.