

# Office of Inspector General, USDA

## Investigation Developments

>> *December 11, 2006* <<

### **Illinois Grocery Store Owner Sentenced, Ordered to Pay \$4.9 Million and Forfeit \$2.5 Million in Assets for Food Stamp Trafficking**

On October 27, 2006, the owner of a grocery store was sentenced in U.S. District Court, Northern District of Illinois, to serve 57 months of incarceration and ordered to pay \$4.9 million in restitution, and forfeit \$2.5 million in assets for food stamp trafficking. The judge ordered that the grocery store owner be barred from participation in the Food Stamp Program for the rest of his life. The OIG investigation disclosed that between January 1997 and August 2002, the grocery store owner and the store's manager were involved in a food stamp benefit trafficking scheme that resulted in a potential loss to USDA of approximately \$7,000,000.

### **Texas Grocery Store Owner and Employee Sentenced, Ordered to Jointly Pay \$421,025 and Forfeit 2 Vehicles for Food Stamp Trafficking**

On October 27, 2006, the owner of a grocery store and an employee were each sentenced in U.S. District Court, Southern District of Texas, to serve 37 months of imprisonment and ordered to jointly pay \$421,025 in restitution for food stamp benefit trafficking. The judge also signed Preliminary Orders of Forfeiture for a 2003 BMW X5 and a 2001 Toyota Highlander. The OIG investigation disclosed that the owner and the employee discounted Electronic Benefit Transfer benefits for cash. This investigation was worked jointly with the United States Secret Service.

### **New Jersey School Agrees to Forego \$895,550 in Claims and Pay \$400,000 Fine for National School Lunch Program Fraud**

On October 26, 2006, a civil settlement agreement was reached with a charter school and the United States Attorney's Office, District of New Jersey. The school agreed to not seek reimbursement for \$895,550 in claims and agreed to pay a \$400,000 fine. The OIG investigation disclosed that between 1996 and 2000, the school defrauded the National School Lunch Program (NSLP) of approximately \$1.3 million by submitting numerous false certifications to New Jersey's Bureau of Child Nutrition regarding student participation levels in the NSLP.

### **Michigan Farming Operation Found Liable Regarding Crop Insurance Fraud, Ordered to Pay Damages of \$2.1 Million and Fined \$15,000**

On November 14, 2006, a Federal judge in the Eastern District of Michigan found a family farming operation civilly liable on three counts of filing false multi-peril crop insurance claims. The judge ordered the farming operation to repay treble damages totaling \$2,113,920, as a result of False Claims Act violations. The judge also fined the farming operation \$15,000. The OIG investigation disclosed that the farming operation concealed production from the Risk Management Agency (RMA) in order to increase their fraudulent crop insurance claims.

### **Pennsylvania Man Sentenced, Ordered to Pay \$510,658 for False Statements Involving Food Stamps, Cash Assistance, and Medical Benefits**

On November 20, 2006, a man was sentenced in U.S. District Court, Eastern District of Pennsylvania, to serve 36 months in prison and 36 months of probation and ordered to pay \$510,658 in restitution. The OIG investigation disclosed that the man and his family made false statements to numerous Government agencies to receive over \$500,000 in food stamps, cash assistance, and medical benefits from August 1998 through January 2006. This investigation was worked jointly with the U.S. Secret Service, U.S. Postal Inspection Service, and Internal Revenue Service Criminal Investigation Division.

### **Former Rural Development (RD) Employee Sentenced for Assault on Former Supervisor**

On October 12, 2006, a former RD employee pled guilty to Drunk and Disorderly Conduct to an assault on a former supervisor. On November 14, 2006, he was sentenced in U.S. District Court, Western District of Michigan, to serve 9 months of probation and 14 days of community service, assessed a fine of \$495, and ordered to attend counseling programs. The OIG investigation disclosed that on September 13, 2006, an RD program employee attending a conference in Traverse City, Michigan, was assaulted by the former RD employee whom she previously supervised. The former employee claimed to be too intoxicated on the night in question to recall assaulting his former supervisor.