

Office of Inspector General, USDA Investigation Developments

>> **February 4, 2008** <<

Joint Investigation of Dogfighting Activities Results in Professional Athlete Being Sentenced and Ordered to Pay \$928,073 in Restitution

A joint investigation into dogfighting activities conducted by agents from OIG, Virginia State Police, and Surry County Sheriff's Office resulted in a professional athlete being sentenced in Federal court in Virginia to 23 months of imprisonment, 36 months of supervised release, and ordered to pay \$928,073 in restitution to fund the cost of caring for 47 pit bulls seized by the U.S. Government. The joint investigation disclosed that the professional athlete and three others were actively involved in dogfighting activities. Structures designed to breed, house, and fight dogs were found on the professional athlete's property. The three co-conspirators were sentenced, respectively, to 2 months in prison, 18 months in prison, and 21 months in prison. All 3 received 36 months of supervised release.

Gambling and Animal Cruelty Violations Result from Investigation into Cockfighting in Arkansas; 19 Vehicles and \$63,000 Cash Were Seized

Due to suspected violations of State and Federal laws regarding animal welfare and gambling, Arkansas law enforcement officials and Federal personnel requested OIG's assistance on a large-scale cockfighting investigation in Western Arkansas. In May 2007, approximately 150 State and Federal law enforcement officers executed a search warrant at a cockfighting arena in Western Arkansas. Agents searched over 100 trailers on the arena property and found gaffs, knives, scales, drugs, and other evidence. The warrant resulted in 81 felony arrests for gambling and animal cruelty and seizure of 19 vehicles and \$63,000 in cash. Crawford County District Court sentenced each of 19 spectators to 30 days in jail, \$1,800 in fines, and court costs. OIG conducted the investigation jointly with Immigration and Customs Enforcement (ICE), IRS, FBI, Arkansas State Police, and the Crawford County Sheriff's Office.

California Grocery Store Employee Sentenced and Ordered to Pay \$2.7 Million in Restitution for Food Stamp Trafficking and Wire Fraud

An OIG investigation revealed that a California retail grocery store owner and an employee had trafficked in Electronic Benefit Transfer (EBT) from February 2004 – November 2006. In November 2007, OIG executed search warrants resulting in seizure of over \$100,000 in cash, multiple bank accounts, and a 2006 luxury vehicle. Both the store owner and the employee were charged with multiple violations, including food stamp trafficking and wire fraud. The store owner fled while on bond and currently is a fugitive. In November 2007, the grocery store employee was sentenced to 57 months in prison and ordered to pay \$2,700,000 in restitution by a Federal Court in California.

Corporate Officer in North Carolina Sentenced, Fined \$50,000, and Ordered to Pay \$26,988 in Restitution for Food Stamp Fraud

A corporate officer was sentenced in December 2007 by a Federal court in North Carolina to 27 months in prison, ordered to pay a \$50,000 fine, and \$26,988 in restitution for fraud and failure to appear for sentencing. The corporation contracted with the Food and Nutrition Service (FNS) to distribute food stamps to States and contracted with various counties in numerous States to distribute (USDA) food stamps to retail recipients. The OIG investigation disclosed that several thousand false documents were presented to FNS to cover up the theft of between \$450,000 and \$1,700,000 in food stamps. The corporation had destroyed documentation for the distribution making an accurate audit trail impossible. Each of the four corporate officers was charged and pled guilty to various charges. The corporation's Chief Executive Officer was convicted in November 2002 but fled before sentencing. After fleeing, he assumed a new identity and was ultimately arrested by U.S. Marshals in Savannah, Georgia, in 2005. He was subsequently charged with failure to appear for sentencing.

Five Members of Organized Crime Organizations Sentenced in Georgia for Conspiracy Involving Approximately \$6,480,000 of Stolen Infant Formula

A Federal court in Georgia sentenced five members from two organized crime organizations to sentences in Federal prison ranging from 27 – 60 months for conspiracy, 42 – 65 months for interstate transportation of stolen property, and 36 months of supervised release. OIG conducted the investigation jointly with the Food and Drug Administration (FDA) and the Atlanta Police Department. The investigation disclosed that infant formula was being shoplifted in the Atlanta metro area and then transported in rental trucks to New York.

Minnesota Convenience Store Owner Sentenced and Ordered to Pay \$757,320 in Restitution as a Result of Joint Investigation of Food Stamp Trafficking Conspiracy

OIG conducted a joint investigation of a food stamp trafficking conspiracy with IRS, FBI, and the St. Paul, Minnesota, Police Department. The investigation disclosed that a small convenience store had trafficked approximately \$100,000 in food stamps. Four individuals were charged with conspiring to traffic food stamps and all four pled guilty. In January 2008, a Federal court in Minnesota sentenced the owner of the convenience store to 36 months in prison, 36 months of supervised release, and ordered him to pay \$757,320 in restitution. Two other defendants have not yet been sentenced but will also be responsible for the restitution.

New York Grocery Store Owner Sentenced and Ordered to Pay \$381,000 in Restitution for Money Laundering and Food Stamp Conspiracy

In December 2007, a Federal court in the Western District of New York sentenced a retail grocery store owner to 39 months in prison, 3 months of probation, and ordered him to pay \$381,000 in restitution to USDA for money laundering and food stamp trafficking conspiracy. The OIG investigation, conducted jointly with the IRS, revealed that a husband and wife, both owners of the store in question, purchased stolen property, purchased food stamp benefits for cash, and redeemed over \$600,000 in illegal food stamp benefits during July 2006 – February 2007. The wife has left the country and the husband will be deported after serving his sentence.