

Office of Inspector General, USDA

Investigation Developments

>>January 18, 2007<<

OIG Teams With DHS Agencies to Intercept Over 1 Million Pounds of Illegally Imported Food

On January 10, 2007, OIG Special Agents teamed with U.S. Immigration and Customs Enforcement (ICE) to seize materials and documents related to illegal importation of prohibited foodstuffs and merchandise. In late 2005, USDA Animal and Plant Health Inspection Service (APHIS) asked U.S. Customs and Border Protection (CBP) to inspect containers believed to contain illegal food from China. ICE then initiated a criminal investigation and requested the assistance and participation of OIG. Operation Fowl Play, a joint operation between OIG, ICE, and CBP, led to the seizure of 50 shipments at the Port of Newark totaling 1,039,077 pounds of prohibited food including poultry, fowl, meat, pork, vegetables, and fruit. Also participating in the investigation were USDA's Food Safety and Inspection Service (FSIS) and U.S. Fish and Wildlife Service.

Two Pet Product Companies Agree to Pay \$736,000 for Ineligible Receipt of Market Access Program Funds

On December 27, 2006, two pet product companies agreed to a \$736,000 civil settlement with the U.S. Attorney's Office, Eastern District of Pennsylvania. The OIG investigation disclosed that the companies received approximately \$600,000 in Market Access Program (MAP) funds for which they were not eligible. MAP funds are distributed by Foreign Agricultural Service (FAS) to promote worldwide use and sale of agricultural products by U.S. small businesses. Companies must meet Small Business Administration's definitions of "small business" to be eligible for that particular MAP funding. In this case, the companies are affiliated companies with the larger company employing over 2,300 people with yearly revenues approaching \$1 billion, thereby making the first company ineligible to receive MAP funds.

North Dakota Farmer Sentenced and Ordered to Pay \$228,246 for Submitting False Statements

On December 18, 2006, a farmer was sentenced in U.S. District Court, District of North Dakota, to 12 months probation (to include home confinement), and ordered to pay \$228,246 in restitution to Farm Service Agency (FSA)/Commodity Credit Corporation, for making a false statement. The OIG investigation disclosed that the farmer submitted false statements to FSA and, as a result, received \$228,246 in loans to which he was not entitled.

Georgia Farmer Sentenced and Ordered to Pay \$112,741 for Conversion of Mortgage Property

On December 18, 2006, a farmer was sentenced in U.S. District Court, Middle District of Georgia, to 18 months of imprisonment and ordered to pay \$112,741 in restitution for conversion of mortgaged property. The OIG investigation disclosed that in May 2002, the farmer received a farm operating loan from the Farm Service Agency secured with the farmer's cotton, grapes, peanuts, and wheat crops. The farmer harvested the crops and converted approximately \$74,000 in sales proceeds to his own use.

Virginia Woman Sentenced and Ordered to Pay \$26,037 for Fraudulently Receiving Food Stamp Benefits

On December 15, 2006, a woman was sentenced in U.S. District Court, Eastern District of Virginia, to 9 months confinement and 36 months probation. Additionally, she was ordered to pay \$26,037 in restitution. The OIG investigation disclosed that the woman concealed her employment from the Social Security Administration, and the Virginia Department of Social Services and thereby received over \$24,000 in benefits (including food stamp benefits) dating back to 2000.

Washington State Real Estate Investor Sentenced, Ordered to Pay \$90,000 for Bribery of Rural Development Employee

On December 7, 2006, a real estate investor was sentenced in U.S. District Court, Eastern District of Washington, to 36 months of supervised release, community service; \$90,000 payment to charity; and forfeiture of \$10,000 bribe. The OIG investigation disclosed that the investor paid a \$10,000 bribe to a Rural Development (RD) employee for exclusive access to purchase two USDA foreclosure properties. The investigation also disclosed that an auctioneer involved in the sale of RD foreclosures paid a \$3,000 bribe to an RD employee. He received bids for foreclosed houses that were significantly higher than were being reported and/or reimbursed to RD. The auctioneer is awaiting sentencing.

Pennsylvania Convenience Store Owner Forfeits \$252,000 for Food Stamp Trafficking

On November 28, 2006, a convenience store owner pled guilty in U.S. District Court, Western District of Pennsylvania, to Operation of Unlicensed Money Transmitting Businesses and agreed to forfeit over \$252,000. The store owner was engaged in food stamp trafficking and operating an unlicensed money transmitting business. The OIG investigation disclosed that during January 2001 – May 2006, the store owner transmitted over \$7 million without registration and license forms required by State and Federal law. The store owner bought and sold stolen goods such as infant formula, counterfeit cigarettes, drug paraphernalia, and counterfeit music CD's. This joint investigation was part of a taskforce that included agents from FBI; U.S. Immigration and Customs Enforcement; U.S. Secret Service; IRS; and Pennsylvania Department of Revenue.