

PRESS RELEASE  
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CARROLL COUNTY FATHER AND SON SENTENCED IN FEDERAL  
FARM PROGRAM FRAUD

United States Attorney Charles W. Larson, Sr. announced today that as a result of an ongoing investigation, a Carroll County father and son were sentenced and ordered to pay restitution for farm related program fraud by United States District Court Chief Judge Mark W. Bennett, in Sioux City.

MARK J. HOFFMAN, age 46, from Carroll, Iowa, was sentenced to a term of 20 months in prison, three years of supervised release and was ordered to pay restitution in the amount of \$2.34 million dollars after pleading guilty to conspiracy charges of bank fraud, federal farm program fraud, crop insurance fraud and bankruptcy fraud. Hoffman will be subject to a lifetime exclusion from participation in any USDA farm related subsidy or crop insurance programs. HOFFMAN'S son JUSTIN HOFFMAN, age 23, from Halbur, Iowa, was sentenced to five(5) years probation and was ordered to pay restitution in the amount of \$116,000.00 to the Federal Crop Insurance Corporation, after he pled guilty to federal misdemeanor charges of making false statements in order to receive crop insurance proceeds. Justin Hoffman will be prohibited from participating in any USDA farm programs until 2010.

Mark Hoffman pled guilty to four counts of a 25-Count Indictment. Count 1 of the Indictment charged Hoffman with conspiring with his wife Sue Hoffman and others to make false statements to the Commodity Credit Corp in order to obtain federal farm program benefits, which included loan benefits in excess of \$93,000 in the crop years 1997 and 1998. According to the Indictment, the HOFFMAN's were ineligible to receive farm program benefits because they were operating a farm out of compliance with conservation standards. The Hoffmans put the farm in the name of a hired hand in order to conceal from FSA that they were farming out of conservation compliance. HOFFMAN pled guilty to Count 4 of the Indictment charged Hoffman with conspiring with his wife Sue Hoffman to make materially false statements as to their true financial status to Mercantile Bank, now US Bank, in order to obtain a \$1.6 million loan in 1997 and 1998. According to the Indictment, Mark and Sue Hoffman continued to submit materially false statements as to their financial condition in order to preclude US Bank from foreclosing on its loan while Mark and Sue Hoffman sold and depleted crops,

machinery, and equipment, all secured by US Bank, and then transferred proceeds of US Bank's security to their son Justin. Count 5 of the Indictment charged Hoffman with conspiring with family members and friends to submit fraudulent statements to the government in order to obtain federal farm program benefits and crop insurance benefits he was not entitled to in an amount exceeding \$1.6 million from 1998 through 2001. According to the Indictment, in 1998 and 1999 and 2001, Mark Hoffman leased or had an undisclosed interest in approximately 4,500 acres of crop land in Tripp and Mellette counties in South Dakota. HOFFMAN caused his brother and hired hand to make numerous false certifications to the government that the South Dakota farming operation was theirs. HOFFMAN intentionally failed to disclose his true ownership interest in the South Dakota Farming operation in order to circumvent federal payment limitations and to conceal the operation from creditors. In 2000 and 2001, HOFFMAN caused his son, JUSTIN HOFFMAN, and another individual to make numerous certifications to the government that MARK HOFFMAN no longer had a farming interest in crop land in Carroll, Audubon, Calhoun, Ringold, Adams and Taylor Counties. HOFFMAN intentionally failed to disclose his true ownership interest in the Iowa crop land in order to hide assets from creditors.

Count 20 of the Indictment charged Hoffman with conspiring with his wife Sue Hoffman and others to commit bankruptcy fraud after he submitted false statements to the Bankruptcy Trustee in July of 2000. According to the Indictment, HOFFMAN conspired with Crawford County resident, DONALD KLUVER to transfer farm equipment and machinery to his son JUSTIN HOFFMAN in order to avoid liquidation of the equipment secured by creditors.

JUSTIN HOFFMAN was sentenced to 5 years probation and ordered to pay \$116,000 in restitution after he pled guilty to two federal misdemeanor charges related to federal crop insurance fraud. JUSTIN HOFFMAN certified that in the crop year 2001, he was unable to plant approximately 1,478 acres of crop land in Taylor County, Iowa, due to wet soil conditions, when in fact satellite imagery and testimonial evidence indicated that JUSTIN HOFFMAN'S claim for crop insurance was false and that he should not have been paid almost \$100,000 in federal crop insurance proceeds. JUSTIN HOFFMAN also certified that he had losses on approximately 332 acres of soybeans in Adams County, Iowa, when in fact satellite imagery evidence indicated JUSTIN HOFFMAN'S claim for crop insurance was false because he only planted approximately 71 acres of soybeans and he should not have been paid almost \$17,000.00 in insurance proceeds.

Hoffman's wife, SUE HOFFMAN, age 44, was sentenced on August 29, 2005, to a term of three months home confinement, six months probation and ordered to pay restitution in the amount of \$93,000.00 to Farm Service agency for her role in making false statements to the Commodity Credit Corp in order to obtain federal farm program benefits, which included loan benefits in excess of

\$93,000 in 1997 and 1998. Sue Hoffman will also be prohibited from participation in any USDA farm related programs.

The case was prosecuted by Assistant United States Attorney Martha A. Fagg, and was investigated by the United States Department of Agriculture, including Special Agent Craig Hangsleben from USDA's Office of Inspector General, Robert Bird from USDA's Office of General Counsel, Jon Awtry and Bryan Stocking from the Farm Service Agency offices in Carroll, Crawford and Woodbury Counties, and Mark Price from the Risk Management Agency.