

Office of Inspector General, USDA Investigation Developments

>> [April 7, 2008](#) <<

New York Deli Owner Sentenced, Ordered to Forfeit and to Pay Restitution of \$865,000 for Food Stamp Trafficking and Wire Fraud Exceeding \$2,500,000

A joint investigation conducted by OIG and FBI revealed that over \$2,500,000 in fraudulent activity had been conducted at a New York delicatessen. The delicatessen owner pled guilty to conspiracy, food stamp trafficking, and wire fraud. In February 2008, a New York Federal court sentenced the owner to 30 months of imprisonment and 36 months of supervised release. Additionally, the court ordered him to forfeit \$865,000 and to pay the same amount in restitution.

Illinois Grocery Store Owner Sentenced and Ordered to Pay \$2,800,000 in Restitution for Wire Fraud in Connection with Food Stamp Benefits

The OIG investigation revealed that an unauthorized grocery store was engaged in large-scale food stamp trafficking with several Electronic Benefits Transaction (EBT) point-of-sale devices. A Federal court in the Northern District of Illinois sentenced the store owner in March 2008 to 41 months of imprisonment, 24 months of supervised release, and ordered him to pay \$2,800,000 in restitution. After serving his sentence, the store owner will face deportation for his activities.

Joint Investigation of False Statements for Food Stamp and Medical Benefits Results in Pennsylvania Store Owner Being Sentenced and Ordered to Pay \$115,000 in Restitution

A joint investigation conducted by agents from OIG, the Social Security Administration's OIG, and IRS resulted in a Pennsylvania store owner being sentenced in Federal court in March 2008 to 48 months of imprisonment, 72 months of probation, and \$115,000 in restitution to USDA. The investigation disclosed that during 1992–2006, the store owner made false statements to numerous government agencies in order to receive over \$125,000 in food stamp and medical benefits. The store owner committed these crimes while on probation for a 1997 Federal arson conviction.

Multistate Investigation of Criminal Organization Involved in Dogfighting and Gambling Results in Multiple Convictions

An OIG investigation disclosed a criminal organization that was involved in extensive underground dogfighting and gambling operations in the Dayton, Ohio, metropolitan area and other parts of Ohio, Kentucky, and Michigan. Approximately 66 people have been charged in the past year in various Federal and local courts for criminal activities related to this investigation. The most recent conviction was that of an Ohio man who pled guilty to illegal use of food stamps and conspiracy to distribute crack cocaine. A Federal court in the Southern District of Ohio sentenced him in February 2008 to 8 months of imprisonment, 36 months of supervised release, and 100 hours of community service.

Joint Investigation Results in Minnesota Store Owner Being Sentenced, Ordered to Pay \$757,000 in Restitution for Food Stamp Conspiracy

A joint investigation conducted by OIG, IRS, FBI, and the St. Paul, Minnesota, Police Department revealed that a convenience store had engaged in the trafficking of approximately \$100,000 of food stamps. The store owner was sentenced in January 2008 in Federal court to 36 months of imprisonment, 36 months of supervised release, and ordered to pay \$757,000 in restitution. Last year, four other defendants in the case pled guilty to conspiring to traffic EBT benefits. These defendants are currently awaiting sentencing and will also be responsible for the restitution.

Virginia Farmer Ordered to Pay \$74,000 in Restitution After Pleading Guilty to Bankruptcy Fraud and Concealment of Assets

An OIG investigation revealed that a Virginia farmer made false statements to the U.S. Bankruptcy Court and illegally disposed of approximately \$190,000 of property and livestock pledged as loan collateral to the Farm Service Agency (FSA). The farmer pled guilty in January 2008 in U.S. District Court, Western District of Virginia, to Bankruptcy Fraud and Concealment of Bankruptcy Assets. He was sentenced to 21 months of imprisonment, 36 months of probation, and ordered to pay \$74,000 in restitution to the Department of Agriculture.

Texas Grocery Store Owner Sentenced, Ordered to Pay \$459,000 in Restitution for Trafficking in Food Stamps and WIC Vouchers

An OIG investigation disclosed that the owner and employees of a Texas retail grocery store engaged in the trafficking of Women, Infants, and Children Program (WIC) vouchers and food stamp benefits for cash through the EBT system. The investigation revealed that from January 1999 to May 2003, the store redeemed approximately \$458,000 in WIC/EBT benefits that were not supported by legitimate sales. In January 2008, a Federal court in the Western District of Texas sentenced the store owner to 36 months of probation and ordered him to pay \$459,000 in restitution.

Oklahoma Producer Sentenced, Ordered to Pay \$81,000 in Restitution for Unauthorized Sale of USDA Loan Collateral

An OIG investigation in Oklahoma revealed that during June – December 2002, a producer made \$81,000 in unauthorized sales of wheat and triticale (a hybrid of wheat and rye) that had been pledged as collateral for a USDA guaranteed loan. After the producer pled guilty, a Federal court in the Western District of Oklahoma sentenced him in January 2008 to 60 months of probation, 105 hours of community service, and ordered him to pay \$81,000 in restitution.