

Office of Inspector General, USDA Investigation Developments

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FOOD SAFETY AND INSPECTION SERVICE: *New Conviction Obtained and \$6.7 Million in Fines Levied in Case of Smuggled Duck, Meat, and Poultry from China*

The sentencing of a businessman and major fines against multiple companies are the latest developments in a joint investigation involving OIG pertaining to the smuggling of Chinese duck, meat, and poultry into the United States. The businessman pled guilty to conspiracy to smuggle goods into the United States. In May 2010, a Federal court in New Jersey sentenced him to serve 12 months of home confinement and 60 months of probation. The companies involved were assessed penalties of over \$6.7 million for their activities.

FARM SERVICE AGENCY: *Mississippi Bioenergy Company Owner Sentenced and Ordered to Pay \$2.88 Million in Restitution for False Claims*

An OIG investigation disclosed that two owners of a Mississippi bioenergy company had conspired to defraud the Commodity Credit Corporation (CCC) of \$2.88 million relating to USDA's Bioenergy program. Both men were charged with submitting false claims. One of the men was found guilty; in July 2010 a Federal court in Mississippi sentenced him to five years of imprisonment. He was also ordered to pay \$2.88 million in restitution for his part in the venture. The second owner pled guilty to submitting false claims and is awaiting sentencing.

FOOD AND NUTRITION SERVICE: *Michigan Store Personnel Sentenced and Ordered to Pay \$3.74 Million for Scheme to Fund Illegal International Money Transfers*

An OIG investigation conducted with the FBI determined that a Somali-owned convenience store in Michigan had trafficked in SNAP and WIC (Women, Infants, and Children Program) benefits and operated an illegal money transfer (Hawala) business. The investigation revealed that the store owners routinely allowed customers to use SNAP benefits to fund the transfer of money to persons located in the Middle East and the Horn of Africa. The defendants pled guilty to SNAP fraud, WIC fraud, conspiracy, and operating an unlicensed money transmitting business. In May 2010, a Michigan Federal court sentenced the store owner to 18 months of imprisonment and ordered him to pay a total of \$1.43 million in restitution and civil penalties. The manager of the store was sentenced to 30 months of imprisonment and the same monetary penalties. The court also sentenced two store employees to two years of probation and ordered each to pay \$433,000 in restitution.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE: *Missouri Couple is Sentenced and Ordered to Forfeit Fighting Dogs*

An OIG investigation disclosed that a couple in Missouri was involved in an extensive dog fighting conspiracy in Missouri and neighboring States. In May 2010, a Federal court in Missouri sentenced the husband and wife to two years of probation for their roles in the dog fighting enterprise. The court also sentenced the wife to 6 months of home detention. The

couple agreed to forfeit their fighting dogs and have paid over \$38,000 in reimbursement for their care. OIG's 15-month investigation has identified over 100 persons as participants, trainers, owners, and/or promoters in this multi-State conspiracy. To date, 14 defendants have been sentenced to prison terms ranging from 6 to 18 months and probation terms ranging from 24 to 36 months.

FOOD AND NUTRITION SERVICE: *New Jersey Store Employee Sentenced and Ordered to Pay \$325,000 in Restitution for SNAP Trafficking and Theft of Government Funds*

An OIG investigation revealed that a New Jersey store employee was involved in trafficking Supplemental Nutrition Assistance Program (SNAP) benefits from July 2008 through April 2009. He pled guilty to theft of government funds. In May 2010, a New Jersey Federal court sentenced him to 11 months of incarceration, 3 years of supervised release, and ordered him to pay \$325,000 in restitution to USDA. In July 2010, a fellow employee was sentenced to 12 months imprisonment, 3 years of supervised release, and was ordered to pay \$325,000 in restitution to USDA.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE: *California Company Sentenced and Fined \$50,000 for False Claims Regarding Imported Vegetables*

An OIG investigation in California disclosed that a Los Angeles-based company provided false certificates of origin to county inspectors in order to obtain multiple Federal Phytosanitary Certificates (FPCs) for red chili peppers. The company claimed the peppers had been grown in the United States; in fact, they were imported from India and China. The company pled guilty to false statements and "aiding and abetting." In July 2010, a Federal court in the Southern District of California sentenced the company to 36 months of probation and fined it \$50,000.

FOOD AND NUTRITION SERVICE: *Alabama Grocery and Bait Shop Owners are Sentenced and Ordered to Pay \$730,000 for Conspiracy to Defraud SNAP*

An OIG investigation disclosed that two former owners of a grocery and bait shop had conspired to defraud SNAP. The individuals provided false receipts for catfish product to justify fraudulent electronic benefit transfer redemptions at their store. Both men pled guilty to one count of conspiracy. In July 2010, a Federal court in Alabama sentenced one man to 30 months of imprisonment and the other to 24 months of imprisonment. Each was also sentenced to three years of supervised release and ordered to pay \$730,000 in restitution.

FOOD AND NUTRITION SERVICE: *Chicago Store Owner Sentenced and Ordered to Pay \$2.5 Million in Restitution for Conspiracy to Defraud SNAP*

An OIG investigation revealed that a Chicago store owner played a key role in a conspiracy to defraud SNAP by using multiple electronic benefit transfer point of service (POS) terminals. He provided terminals to other store owners to use in the trafficking of SNAP benefits. The store owner received 15 percent of the profits generated by the POS machines and a fee for the use of the machines. In June 2010, a Federal court in Illinois sentenced him to 32 months of incarceration, three years of supervised release, and ordered him to pay \$2.5 million in restitution for his part in the criminal enterprise. Other subjects in this conspiracy were previously sentenced to varying terms of incarceration and have been ordered to pay restitution in amounts ranging from \$98,000 to \$3.6 million.

FOOD AND NUTRITION SERVICE: *Detroit City Employee Sentenced, Ordered to Pay \$400,000 in Restitution for WIC Fraud*

An OIG investigation revealed that a Detroit city employee created fictitious case files to generate WIC coupons and subsequently sold them to individuals who were not eligible for program benefits. In August 2010, the employee was sentenced by a Federal court in the Eastern District of Michigan to 12 months imprisonment and restitution of \$400,000. Michigan State Police and a representative of OIG's National Computer Forensic Division assisted in serving a Federal search warrant in this case.