

Office of Inspector General, USDA Investigation Developments

>> [March 12, 2007](#) <<

Oklahoma Businessman Sentenced, Ordered to Pay \$3.8 Million in Restitution for Falsifying Loan Documents

An Oklahoma businessman was sentenced in U.S. District Court, Northern District of Oklahoma, in January 2007 to 40 months' imprisonment, 60 months' supervised release, and ordered to pay \$3.8 million in restitution. The OIG investigation disclosed that his business obtained a \$2.9 million USDA Guaranteed Loan and a \$2 million line of credit loan. He subsequently obtained a separate loan from another bank for \$275,000. In January 2005, USDA paid the bank \$1.8 million as a result of the defaulted loans. The investigation also disclosed that documents presented during the loan processes were falsified.

Virginia Insurance Adjuster Pleads Guilty to Conspiracy for \$308,000 of False Crop Insurance Claims

A Virginia insurance company adjuster pled guilty to conspiracy in February 2007, in U.S. District Court, Eastern District of Virginia. The OIG investigation disclosed that misrepresentations made by insurance company employees resulted in the producer receiving a \$308,000 Federal crop insurance payment to which he was not entitled. Sentencing is scheduled for May 2007.

Georgia Man Pleads Guilty to Communicating False Information Regarding Contaminated Food

An OIG investigation disclosed that on three occasions, a Georgia resident falsely claimed his children were harmed by eating soup contaminated by the manufacturer. In fact, the man contaminated the product with Prozac and other anti-depressants. He was charged with mail fraud, wire fraud, false statements, and tampering with consumer products. The man pled guilty in February 2007 in U.S. District Court, Northern District of Georgia, to communicating false information. The investigation was conducted jointly with the Food Safety and Inspection Service (FSIS); the Food and Drug Administration's (FDA) Office of Criminal Investigation (OCI); and the Clayton County, Georgia, Police Department. Sentencing is scheduled for April 2007.

New Jersey Grocery Store Employee and Manager Sentenced, Ordered to Pay \$248,107 for Conspiracy to Traffic in Food Stamps

In February 2007, a former New Jersey grocery store employee was sentenced in U.S. District Court, District of New Jersey, to 36 months' probation, 6 months' home confinement, and ordered to pay \$248,147 in restitution for conspiracy to traffic in Electronic Benefits Transactions (EBT).

OIG conducted several undercover EBT transactions at the store, which had redeemed over \$2.8 million in food stamp benefits during May 1998–June 1999. Previously, in January 2007, the store manager was sentenced to 33 months' imprisonment, 24 months' supervised release, and ordered to pay \$248,147 for conspiracy to traffic in EBT.

Colorado Man Sentenced for Submitting False Statements to Farm Service Agency

A Colorado man and a co-conspirator were sentenced in January 2007 in U.S. District Court, District of Colorado, to 12 months' probation for submitting false billing statements to the Farm Service Agency (FSA). The OIG investigation disclosed that the individuals inflated billing statements submitted to FSA as proof of tree planting. The fraud was estimated at \$156,409.

Illinois Woman Sentenced, Ordered to Pay \$23,982 in Restitution for Mail Fraud and False Statements Concerning Hurricane Katrina Assistance

An Illinois woman pled guilty to mail fraud and false statements. She was sentenced in January 2007 in U.S. District Court, Southern District of Illinois, to 48 months in Federal prison, 36 months' supervised release, and ordered to pay \$23,982 in restitution. The OIG investigation disclosed that she obtained \$23,000 in Hurricane Katrina housing, food stamps, and cash assistance to which she was not entitled.

North Carolina Insurance Company Supervisor Sentenced, Ordered to Pay \$240,301 for Misrepresenting Records for Crop Insurance Payment

In January 2007, a North Carolina insurance company supervisor was sentenced in U.S. District Court, Western District of North Carolina, to 5 months' imprisonment, 5 months' home detention, 36 months' supervised release, and ordered to pay \$240,301 in restitution. The OIG investigation disclosed that the supervisor misrepresented a producer's tomato production records and documents resulting in the insured producer illegally receiving a Federal crop insurance payment of \$308,573 for losses on tomatoes.

Mississippi Man Sentenced, Ordered to Pay \$4,358 in Restitution and Fined \$1,000 for Fraudulent Emergency Benefit Claims

A Mississippi man was sentenced in January 2007 in U.S. District Court, Southern District of Mississippi, to 36 months' probation, ordered to pay \$4,358 in restitution, and fined \$1,000. The OIG investigation disclosed that the individual made fraudulent statements to the Food and Nutrition Service and the Federal Emergency Management Agency in an effort to receive \$5,363 in emergency benefits. The case was worked jointly with the FBI.