

NEWS

12 arrested in \$2M food stamp fraud investigation

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HAMILTON Two Fairfield businesses are at the heart of a multi-million dollar fraud investigation.

Butler County Sheriff Richard K. Jones said the 18-month investigation, which culminated Wednesday with raids on U.S. Beef and Butcher Shop Food Distributors, is one of the largest of its kind in Ohio history.

Jones said the owners and workers at the businesses used a scheme where meat truck drivers illegally obtained food stamp cards in exchange for cash and drugs. The result: the businesses scammed taxpayers out of more than \$2 million supposed to go to low-income residents, Jones said. That's 38 percent of the \$5.3 million lost last year to food stamp fraud in Ohio, officials said.

Authorities seized guns, drugs and cars Wednesday while executing 19 search warrants throughout the area. At least 10 undercover police vehicle surrounded U.S. Beef, stationed on Profit Drive. Federal agents led a crying woman out of the tan building, passing numerous awards and plaques for good service on her way out.

While the businesses are located in Butler County, police arrested at least 12 people, many of whom lived in Hamilton and Warren counties.

Officials say residents in Montgomery, Miami and Greene counties also were affected by the scam. Arrest warrants were issued for owners, managers and other employees of the door-to-door meat retailers.

Investigators don't expect it to stop there.

"This operation has tentacles to other states and nationwide," said Harold Torrens, agent in charge of the Ohio Investigative Unit, at a news conference. "We're dealing with some real

bad guys, if you will."

An affidavit filed in federal court recounts the numerous "hand-to-hand" purchases made by confidential informants, as well as hundreds of hours of undercover surveillance authorities used to make the case.

They found U.S. Beef and the Butcher Shop conducted about 241 and 440 food stamp transactions a month since 2011. Comparable stores typically completed about 96, according to the affidavit.

The money made from those transactions was used to buy a Corvette, Hummer, Cadillac and other vehicles seized Wednesday.

"These people were living a high-end lifestyle," Torrens said.

But consumer complaints indicate U.S. Beef representatives were "too pushy and aggressive when dealing with potential customers" and "prey on the elderly and unsuspecting," a special agent with the Office of the Inspector General said in the affidavit.

On at least one occasion, a representative of The Butcher Shop sold a confidential informant hydrocodone pills and heroin in exchange for food stamp cards while his 2-year-old child was present. Many similar transactions occurred near public parks and schools, according to the affidavit.

Records of numerous transactions, often recorded by police in parking lots and gas stations, have much more in common with drug deals than a home-delivery food service.

"They didn't sell a lot of food," Torrens said.

When they did, it was usually bad.

"Numerous consumers filed complaints against U.S. Beef claiming that they became ill from consuming their purchased meat product," according to the affidavit.

After a scathing review of the business by the Better Business Bureau posted online, someone with the same name as co-owner Joey Traum defended the company.

"We will continue to attempt to make every customer a 'Happy' customer and we will continue to work with the BBB to resolve any outstanding (sic) customer service issues," the person wrote in 2013.

Attempts to reach both businesses were unsuccessful. The crimes that the employees are charged with include conspiracy, wire fraud, money laundering, illegal use of food stamp benefits and other drug charges.

The arrested individuals were scheduled for arraignment Thursday afternoon.