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FLINT

## Three indicted in alleged \$5 million food stamp fraud scheme

Updated: Apr. 27, 2016, 6:00 p.m. | Published: Apr. 27, 2016, 5:00 p.m.



Shorthorn meats closed while USDA, IRS perform investigation



By [Gary Ridley](#), [g.ridley@mlive.com](mailto:g.ridley@mlive.com)

FLINT, MI - Three people have been indicted on federal charges after authorities claim they operated a food stamp fraud scheme that stole more than \$5 million of taxpayer's money.

A seven count indictment was unsealed Tuesday, April 26, in Flint U.S. District Court against three people who allegedly ran the fraud out of Shorthorn Meats, a grocery store at 2002 W. Pierson Road, and a nearby car wash.

Only one person, Arthur Armstrong, has been arraigned so far on the indictment, which includes fraud, conspiracy and firearm charges. There is no attorney on file for Armstrong.

The names of the other two suspects are being withheld pending arraignment.

Federal prosecutors allege the scheme began in December 2011 and ran through September 2014, when federal investigators executed a warrant at the business.

Prosecutors claim Armstrong, who officials say also goes by the alias Gator, and two suspects associated with Shorthorn grocery on the city's north side, conspired to charge customers a commission for converting their food stamp benefits into cash.

The indictment alleges customers would enter the grocery store and request a "meat bundle" for Gator. They would then provide the suspects associated with the store their Bridge Cards.

The two suspects then allegedly debited a large amount of money from the card and provide the customers with a receipt, despite the claim that the recipients were actually purchasing no food at the time.

Federal authorities claim the customers would then take the receipt to Armstrong's nearby car wash where he would provide them with cash in the amount of roughly half of what was deducted from the Bridge Card by the Shorthorn suspects.

Prosecutors allege the Shorthorn staff would occasionally also directly provide Bridge Card customers cash in exchange for their food stamp benefits. The payouts were typically 50 percent of what was deducted from their cards, according to the indictment.

Investigators claims they were able to have multiple undercover officers and informants make such transactions at the store.

Agents from the U.S. Department of Agriculture and Internal Revenue Service executed a search warrant Sept. 29, 2014, at the Flint store.

The USDA alleged in court records that Shorthorn redeemed an average of more than \$54,000 per month in food benefits since 2005. The affidavit claims similar-sized grocery stores within a five-mile radius of Shorthorn redeemed less than \$10,000 monthly on average over that same time frame.

Prosecutors in a complaint unsealed in 2014 claimed the scheme totaled upward of \$5 million in losses.

That complaint against four people, including Shorthorn staff, was later dismissed.

Armstrong was released on a \$10,000 unsecured bond. No new court dates are scheduled.

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