

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
CENTRAL DIVISION
FRANKFORT

Eastern District of Kentucky
FILED
APR 19 2013
AT LEXINGTON
ROBERT R. CARR
CLERK U.S. DISTRICT COURT

UNITED STATES OF AMERICA

V.

INDICTMENT NO. 13CR-6-GFVT

RICHARD DWIGHT FARMER, JR.

* * * * *

THE GRAND JURY CHARGES:

BACKGROUND

1. At all relevant times, the Kentucky Department of Agriculture (hereinafter KDA) was an agency of state government, within the purview of 18 U.S.C. § 666(a)(1). The KDA was responsible for a wide array of agriculture related services, including the regulation and inspection of various industries, the promotion of livestock and produce grown by Kentucky farmers and agricultural businesses, and the organization of events such as the Kentucky State Fair.

2. At all relevant times, the KDA annually received millions of dollars of federal funds, and thus was a federally funded agency of state government, within the purview of 18 U.S.C. § 666(b).

3. From January 2004 until January 1, 2012, RICHARD DWIGHT FARMER, JR. (hereinafter FARMER) was the Kentucky Commissioner of Agriculture. The

Commissioner of Agriculture was an elected executive officer of the Commonwealth of Kentucky, with responsibility for the supervision and administration of the KDA. As such, FARMER was an agent of state government, within the purview of 18 U.S.C. § 666(a)(1), at all times during his tenure as Commissioner of Agriculture.

4. As the Commissioner of Agriculture, FARMER had substantial authority over the KDA's expenditure of public funds entrusted to it. FARMER repeatedly abused this authority for his own benefit. Throughout his tenure, FARMER wrongfully used public funds and KDA resources to obtain goods and services for himself and his family.

5. At all relevant times, the KDA was a member of the Southern Association of State Departments of Agriculture (hereinafter SASDA). SASDA was an association comprised of the commissioners (or their equivalents) of the departments of agriculture for seventeen states, including Kentucky. SASDA's primary activity was an annual conference of the member commissioners, which was held each year in the home state of the commissioner then serving as the SASDA president.

6. In 2008, FARMER was the SASDA President. Because SASDA did not employ permanent staff to support the conference, FARMER and the KDA planned, financed, and staffed the 2008 SASDA conference. To finance the conference, the KDA solicited contributions from private organizations and contributed over \$20,000 in public funds that were within the KDA's care, custody, and control. The KDA opened a bank account in the name of "SASDA 2008" and placed much of this funding in that account, in which the public and private contributions were comingled. These funds were used to pay

the costs of the conference.

7. At FARMER's direction, the KDA used these funds to purchase an excessive number of purported "gifts" for conference attendees and workers. For the thirteen commissioners who attended the 2008 SASDA conference (a number that included FARMER), the KDA ordered twenty-five customized Remington rifles, twenty-five rifle cases, fifty-two embossed Case knives, and fifty personalized cigar boxes. For the fifteen individuals who attended the conference as guests of the visiting commissioners, the KDA purchased thirty gift cards. For the approximately thirty-nine KDA employees who worked at the conference, the KDA ordered 175 customized watches. Following the conference, FARMER misappropriated and took possession of the excess "gifts" for his personal use.

8. In addition to the SASDA expenditures, FARMER also directed the KDA to spend public funds on a variety of other items for his and his family's consumption. For example, in 2009 and 2010, at FARMER's instruction, KDA staff reserved hotel rooms at the Kentucky State Fair in the names of certain KDA employees who were not expected to attend the State Fair. These rooms, which were paid for with public funds, were then used by members of FARMER's extended family.

9. As the Commissioner of Agriculture, FARMER also had substantial authority over the hiring, retention, and supervision of KDA personnel. As detailed below, FARMER abused this authority for the benefit of himself, his family, and his friends.

10. Early in his tenure, FARMER directed the creation of several paid “Special Assistant” positions that were exempt from Kentucky’s merit-based state employment system. FARMER hired his friends and close associates for these positions and used public funds to compensate them for unperformed and unnecessary work.

11. Some of FARMER’s Special Assistants performed little to no work and were nevertheless compensated. For example, FARMER’s longtime friend, W.E.M., was hired as a Special Assistant and thereafter routinely failed to report for work or responsibly fulfill the duties associated with his employment. Yet, throughout the period of W.E.M.’s employment, the KDA approved his time records and paid his KDA salary without recourse, at FARMER’s behest. Similarly, FARMER’s girlfriend, S.S., was hired as a Special Assistant, performed little to no work, and received a substantial KDA salary at FARMER’s direction.

12. FARMER hired other individuals, including M.J., as Special Assistants, gave them ambiguous responsibilities, and ensured that they operated with minimal oversight from others within the KDA. Under this arrangement, FARMER ensured that these Special Assistants remained available to perform personal services for FARMER, often during times when they were receiving compensation for their official duties. On multiple occasions, for example, FARMER directed these Special Assistants to perform home improvement projects at FARMER’s home, which included building a basketball court for FARMER, placing flooring in FARMER’s attic, and organizing FARMER’s personal effects. FARMER authorized substantial salaries and unjustified overtime

payments to these individuals in exchange for their availability to perform these and other personal services for FARMER.

13. FARMER also abused his position to obtain personal services from other KDA employees, often during times when these employees were receiving compensation for their official duties. Over the course of his tenure, FARMER directed KDA employees to drive him on personal errands, babysit his children, mow his lawn, and transport his dog, among other things. KDA employees performed these and other personal services for FARMER because of his authority over the retention and supervision of KDA personnel.

14. Through these and other means, FARMER wrongfully appropriated thousands of dollars' worth of services, guns, knives, electronics, and other goods throughout his tenure as Commissioner of Agriculture.

COUNT 1
18 U.S.C. § 666(a)(1)(A)

15. The allegations contained in the Background above are restated and incorporated herein by reference.

16. In the period of twelve consecutive months between January 1, 2008 and December 31, 2008, in Franklin County, in the Eastern District of Kentucky, and elsewhere,

RICHARD DWIGHT FARMER, JR.

being an employee and agent of a state government agency that received more than

\$10,000 of federal funds in a twelve month period, embezzled, stole, obtained by fraud, otherwise without authority knowingly converted to the use of a person other than the rightful owner, and intentionally misapplied property valued cumulatively at \$5,000 or more and owned by and under the care, custody, and control of the KDA, all in furtherance of a scheme to convert KDA property and funds for FARMER'S personal use and that of his family and friends, to wit, the funds that were used for the following things, among others:

- a. Rifles, rifle cases, knives, cigar boxes, gift cards, and watches purchased in excess of the goods necessary for the commissioners, guests, and KDA employees scheduled to attend and work at the 2008 SASDA conference;
- b. Hotel rooms occupied by FARMER's extended family during the 2008 SASDA conference;
- c. Clothing for the personal use of FARMER and his family;
- d. Salary paid to W.E.M.;
- e. Salary paid to M.J.

All in violation of 18 U.S.C. § 666(a)(1)(A).

COUNT 2
18 U.S.C. § 666(a)(1)(A)

17. The allegations contained in the Background above are restated and incorporated herein by reference.

18. In the period of twelve consecutive months between January 1, 2009 and

December 31, 2009, in Franklin County, in the Eastern District of Kentucky, and elsewhere,

RICHARD DWIGHT FARMER, JR.

being an employee and agent of a state government agency that received more than \$10,000 of federal funds in a twelve month period, embezzled, stole, obtained by fraud, otherwise without authority knowingly converted to the use of a person other than the rightful owner, and intentionally misapplied property valued cumulatively at \$5,000 or more and owned by and under the care, custody, and control of the KDA, all in furtherance of a scheme to convert KDA property and funds for FARMER'S personal use and that of his family and friends, to wit, the funds that were used for the following things, among others:

- a. Hotel rooms occupied by FARMER's extended family during the 2009 Kentucky State Fair;
- b. Clothing for the personal use of FARMER and his family;
- c. Salary paid to W.E.M.;
- d. Salary paid to M.J.

All in violation of 18 U.S.C. § 666(a)(1)(A).

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COUNT 3
18 U.S.C. § 666(a)(1)(A)

19. The allegations contained in the Background above are restated and incorporated herein by reference.

20. In the period of twelve consecutive months between January 1, 2010 and December 31, 2010, in Franklin County, in the Eastern District of Kentucky, and elsewhere,

RICHARD DWIGHT FARMER, JR.

being an employee and agent of a state government agency that received more than \$10,000 of federal funds in a twelve month period, embezzled, stole, obtained by fraud, otherwise without authority knowingly converted to the use of a person other than the rightful owner, and intentionally misapplied property valued cumulatively at \$5,000 or more and owned by and under the care, custody, and control of the KDA, all in furtherance of a scheme to convert KDA property and funds for FARMER'S personal use and that of his family and friends, to wit, the funds that were used for the following things, among others:

- a. Hotel rooms occupied by FARMER's extended family during the 2010 Kentucky State Fair;
- b. Clothing for the personal use of FARMER and his family;
- c. KDA computer equipment that FARMER appropriated for the use of himself and his family;

- d. Two refrigerators that FARMER appropriated for the use of himself and his family;
- e. Two filing cabinets that FARMER appropriated for his own use;
- f. Salary paid to W.E.M.;
- g. Salary paid to M.J.

All in violation of 18 U.S.C. § 666(a)(1)(A).

COUNT 4
18 U.S.C. § 666(a)(1)(A)

21. The allegations contained in the Background above are restated and incorporated herein by reference.

22. In the period of twelve consecutive months between January 1, 2011 and December 31, 2011, in Franklin County, in the Eastern District of Kentucky, and elsewhere,

RICHARD DWIGHT FARMER, JR.

being an employee and agent of a state government agency that received more than \$10,000 of federal funds in a twelve month period, embezzled, stole, obtained by fraud, otherwise without authority knowingly converted to the use of a person other than the rightful owner, and intentionally misapplied property valued cumulatively at \$5,000 or more and owned by and under the care, custody, and control of the KDA, all in furtherance of a scheme to convert KDA property and funds for FARMER'S personal use and that of his family and friends, to wit, the funds that were used for the following things, among

others:

- a. Salary paid to S.S.;
- b. Salary paid to W.E.M.;
- c. Salary paid to M.J.

All in violation of 18 U.S.C. § 666(a)(1)(A).

COUNT 5
18 U.S.C. § 666(a)(1)(B)

23. The allegations contained in the Background above are restated and incorporated herein by reference.

24. On a date in 2009, the exact date unknown, in Whitley County, in the Eastern District of Kentucky,

RICHARD DWIGHT FARMER, JR.

being an employee and agent of a state government agency that received more than \$10,000 of federal funds in a twelve month period, corruptly solicited, agreed to accept, and accepted a thing of value from a person, intending to be influenced and rewarded in connection with a transaction and series of transactions of the KDA involving \$5,000 or more, to wit, a prospective grant from the KDA to a motor vehicle dealership for the purpose of staging an all-terrain vehicle safety course.

All in violation of 18 U.S.C. § 666(a)(1)(B).

FORFEITURE ALLEGATION
18 U.S.C. § 982(a)(3)

In committing the felony offenses alleged in Counts 1 through 5 of this Indictment, each punishable by imprisonment for more than one year,

RICHARD DWIGHT FARMER, JR.

shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(3), any property, real or personal, which represents or is traceable to the gross receipts obtained, directly or indirectly, as a result of such violations, including but not limited to the following:

MONEY JUDGMENT:

Approximately \$450,000, representing the gross receipts obtained, directly or indirectly, as a result of such violations.

SUBSTITUTE ASSETS:

If any of the property listed above, as a result of any act or omission of the defendant,

- (1) cannot be located upon the exercise of due diligence
- (2) has been transferred or sold to, or deposited with, a third party;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States to seek the forfeiture of any other property in which the

above defendant has an interest, up to the value of the currency described above and pursuant to 21 U.S.C. § 853(p), as incorporated in 28 U.S.C. § 2461(c).



KERRY B. HARVEY
UNITED STATES ATTORNEY

PENALTIES

COUNTS 1-5: Not more than 10 years imprisonment, \$250,000 fine, and 3 years supervised release.

PLUS: Mandatory special assessment of \$100 per count.

PLUS: Forfeiture, if applicable.

PLUS: Restitution, if applicable.