

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	No. 11 CR 367
vs.	)	
	)	Violations: Title 18, United States Code,
KHALED SALEH and	)	Section 371; Title 42, United States Code,
FATIMA SALEH	)	Section 1760(g)

**COUNT ONE**

The SPECIAL MARCH 2010 GRAND JURY charges:

1. At times material to this indictment:

**The Supplemental Nutrition Assistance Program**

a. The Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program, was a federally funded benefit program intended to assist low-income people and families to buy eligible food items. Food stamp benefits were automatically credited each month to a recipient's account, and accessed by what was commonly known as a LINK card. To purchase eligible food items, a benefit recipient presented his LINK card to an authorized retailer.

b. For a store to become eligible to participate in the program in Illinois, the store's owner was required to complete, sign, and submit a Food Stamp Program Application for Stores to the Food and Nutrition Service, which was the agency within the United States Department of Agriculture that administered the program.

c. To access the electronic funds on a beneficiary's LINK card, authorized

vendors were provided with a terminal designed to accept LINK cards. After manually entering the information or “swiping” the LINK card through the LINK card machine, the food stamp recipient entered a personal identification number into the machine's keypad to complete the transaction. The LINK card machine recorded the LINK card account number, the date and time of the transaction, and the amount debited from the recipient’s LINK card.

d. Federal law prohibited participating stores from redeeming LINK food stamp benefits for cash. Food stamp recipients were permitted to exchange LINK food stamp benefits only for eligible food items and only at stores authorized by the USDA to accept LINK cards.

### **The WIC Program**

e. The Women, Infants and Children Program was a federally funded special supplemental food program sponsored by the USDA and administered in Illinois by the Illinois Department of Human Services. The WIC Program was designed to provide a more nutritious diet to low income infants, children under five years of age, and pregnant and post-partum women.

f. In Illinois, WIC benefits were issued to eligible recipients in the form of WIC coupons. WIC coupons were issued in “not to exceed” dollar values and were valid only during the time period listed on the coupon. Each coupon listed the recipient’s name, identification number, and quantity of the specific food items (for example, milk, cheese, eggs, cereal, and infant formula) eligible for purchase from retail stores participating in the WIC Program.

g. The Illinois Department of Human Services authorized vendors to participate in the WIC Program in Illinois. Vendors signed contracts indicating that they would comply with all rules and regulations of the WIC Program. Authorized vendors in the WIC Program were permitted to accept and redeem WIC coupons only in connection with the sale of eligible WIC items; they were not authorized to accept WIC coupons for ineligible items or from other retailers, nor were they permitted to exchange WIC coupons for cash. In addition, vendors were prohibited from accepting WIC coupons before or after the time period during which the WIC coupons were marked valid.

#### **The Parties**

h. Sunset Food Market was a grocery store located at 1501 Sunset Avenue, Waukegan, Illinois. In or about May 2009, the USDA authorized Sunset to participate in the Supplemental Nutrition Assistance Program, and to accept LINK cards as authorized by that program. In or about June 2009, the USDA authorized Sunset to accept WIC coupons as authorized by that program.

i. Defendant KHALED SALEH owned Sunset Food Market.

j. Defendants KHALED SALEH and FATIMA SALEH operated Sunset Food Market.

k. From approximately August 2009 through April 2011, KHALED SALEH and FATIMA SALEH redeemed approximately \$1,177,267.15 in LINK food stamp benefits and WIC coupons

2. Beginning no later than in or about August 2009, and continuing to in or about

April 2011, at Waukegan, in the Northern District of Illinois, Eastern Division, and elsewhere,

KHALED SALEH and  
FATIMA SALEH,

defendants herein, did conspire with each other and others known and unknown to the Grand Jury, to commit offenses against the United States, namely:

a. to steal, purloin, and knowingly convert to their own use and the use of another money belonging to the United States, namely, in excess of \$500,000 in funds administered by the United States Department of Agriculture in the form of LINK food stamp benefits and WIC coupons, to which defendants were not entitled, in violation of Title 18, United States Code, Section 641.

b. to knowingly use, transfer, acquire, and possess LINK food stamp benefits of a value of \$5,000 or more in a manner not authorized by Title 7, United States Code, Chapter 51 and its regulations, in violation of Title 7, United States Code, Section 2024(b).

c. to present, and cause to be presented, LINK food stamp benefits for payment and redemption of a value of \$100 or more, knowing the same to have been received, transferred, and used in a manner not authorized by Title 7, United States Code, Chapter 51 and its regulations, in violation of Title 7, United States Code, Section 2024(c).

d. to willfully misapply and obtain by fraud funds, assets, and property of the value of \$100 or more, in the form of WIC coupons, from the United States Department

of Agriculture, that were the subject of a grant and other form of assistance under the Child Nutrition Act, in violation of Title 42, United States Code, Section 1760(g).

e. to receive, conceal, and retain funds, assets, and property of the value of \$100 or more, in the form of WIC coupons, from the United States Department of Agriculture, that were the subject of a grant and other form of assistance under the Child Nutrition Act, to personal use and gain, knowing such funds, assets, and property had been willfully misapplied and obtained by fraud in violation of 42 U.S.C. § 1760(g).

3. It was part of the conspiracy that defendants KHALED SALEH and FATIMA SALEH knowingly used the LINK card machine at Sunset Food Market to process fraudulent LINK card transactions. Defendants KHALED SALEH and FATIMA SALEH redeemed LINK food stamp benefits in exchange for approximately 50% of their value, in cash, knowing such exchanges were prohibited under federal law.

4. It was further part of the conspiracy that defendants KHALED SALEH and FATIMA SALEH exchanged WIC coupons with Sunset Food Market customers for approximately 50% of their value, in cash, knowing such exchanges were prohibited under federal law.

5. It was further part of the conspiracy that defendants KHALED SALEH and FATIMA SALEH directed Sunset Food Market customers to go to retail stores and use their LINK benefits to purchase items at retail price; and at times, defendant KHALED SALEH personally used customers' LINK cards to purchase items at retail stores, at retail price.

6. It was further part of the conspiracy that defendants KHALED SALEH and

FATIMA SALEH later purchased these items from their customers for 50% of the value, in cash, of the LINK food stamp benefits their customers spent purchasing these items.

7. It was further part of the conspiracy that defendants KHALED SALEH and FATIMA SALEH resold these items at Sunset Food Market for substantially more than the retail price their customers originally paid using their LINK food stamp benefits.

8. It was further part of the conspiracy that defendants KHALED SALEH and FATIMA SALEH caused the proceeds of LINK card transactions, sales proceeds of items obtained using customers' LINK benefits, and value of WIC coupons purchased from customers to be deposited in Sunset Food Market's bank account, which defendant KHALED SALEH controlled. Defendants KHALED SALEH and FATIMA SALEH knew that they were not entitled to these proceeds.

9. It was further part of the conspiracy that defendants misrepresented, concealed and hid, and caused to be misrepresented, concealed, and hidden the existence, purpose, and acts done in furtherance of the conspiracy.

### **Overt Acts**

10. In furtherance of the conspiracy, and to effect its objectives, defendants committed the following overt acts, among others, in the Northern District of Illinois, Eastern Division, and elsewhere:

a. On or about September 9, 2010, defendant KHALED SALEH exchanged \$40 in LINK benefits with a USDA Office of Inspector General Special Agent acting in an undercover capacity, for \$20 in cash.

b. On or about September 9, 2010, defendant KHALED SALEH paid the undercover officer \$104 in cash for 14 cans of infant formula the undercover officer purchased at a Wal-Mart retail store for approximately \$209.72 in LINK benefits.

c. On or about September 16, 2010, defendant FATIMA SALEH paid the undercover officer \$158 in cash for 21 cans of infant formula the undercover officer purchased at a Wal-Mart retail store for approximately \$314.58 in LINK benefits.

d. On or about April 4, 2011, defendant KHALED SALEH exchanged \$20 in LINK benefits with the undercover officer, for \$10 in cash.

e. On or about April 26, 2011, defendant FATIMA SALEH removed from her residence and attempted to conceal approximately \$350,000 in cash and more than 800 WIC coupons.

All in violation of Title 18, United States Code, Section 371.

**COUNT TWO**

THE SPECIAL MARCH 2010 GRAND JURY further charges:

On or about April 26, 2011, at Waukegan, in the Northern District of Illinois,  
Eastern Division, and elsewhere,

KHALED SALEH and  
FATIMA SALEH,

defendants herein, received, concealed, and retained funds, assets, and property of the value of \$100 or more, in the form of WIC coupons, from the United States Department of Agriculture, that were the subject of a grant and other form of assistance under the Child Nutrition Act, to personal use and gain, knowing such funds, assets, and property had been embezzled, willfully misapplied and obtained by fraud;

In violation of Title 42, United States Code, Section 1760(g).



## **FORFEITURE ALLEGATION**

The SPECIAL MARCH 2010 GRAND JURY further charges:

1. The allegations of Counts One and Two of this Indictment are realleged and incorporated herein by reference for the purpose of alleging forfeiture to the United States pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 1956(c)(7)(D), and Title 28, United States Code, Section 2461.

2. As a result of the violations of Title 18, United States Code, Section 371, and Title 42, United States Code, Section 1760(g) as alleged in the foregoing Indictment,

KHALED SALEH and  
FATIMA SALEH,

defendants herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 1956(c)(7)(D), and Title 28, United States Code, Section 2461, any and all right, title, and interest they may have in any property, real and personal, constituting, or derived from, proceeds traceable to defendants' offenses.

3. The interests of the defendants subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1) and 1956(c)(7)(D), and Title 28, United States Code, Section 2461, include, but are not limited to: (a) the approximately \$377,000 seized from the defendants' person and residence on or around April 26, 2011; (b) the approximately \$11,416.91 seized from Sunset Food Market's bank account at Waukegan Savings Bank on or around April 26, 2011; and (c) the approximately \$3,200 seized from Sunset Food Market's bank account at Waukegan Savings Bank on or around May 10, 2011.

4. If any of the property subject to forfeiture and described above, as a result of any act or omission of the defendant:

- a. Cannot be located upon the exercise of due diligence;
- b. Has been transferred or sold to, or deposited with, a third party;
- c. Has been placed beyond the jurisdiction of the Court;
- d. Has been substantially diminished in value; or
- e. Has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and 1956(c)(7)(D), and Title 28, United States Code, Section 2461.

A TRUE BILL:

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FOREPERSON

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UNITED STATES ATTORNEY