

Approved: Michael Gerber
Michael Gerber
Assistant United States Attorney

Before: HONORABLE PAUL E. DAVISON
United States Magistrate Judge
Southern District of New York

14 MAG 53

----- x
: UNITED STATES OF AMERICA :
:

SEALED COMPLAINT

- v. -

: Violation of
: 18 U.S.C. § 371

AHMED ALSAMET and
SHOIAB AHMED,

: COUNTY OF OFFENSE:
: WESTCHESTER

Defendants.

----- x

SOUTHERN DISTRICT OF NEW YORK, ss.:

STEVEN WADE, being duly sworn, deposes and states that he is a Special Agent with the Office of the Inspector General of the United States Department of Agriculture ("USDA-OIG"), and charges as follows:

COUNT ONE

1. From at least in or about 2009 and continuing until the present, in the Southern District of New York and elsewhere, AHMED ALSAMET and SHOIAB AHMED, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, to violate Title 7, United States Code, Section 2024, and Title 18, United States Code, Section 641.

2. It was a part and an object of the conspiracy that AHMED ALSAMET and SHOIAB AHMED, the defendants, and others known and unknown, knowingly would and did present, and cause to be presented, Supplemental Nutrition Assistance Program benefits for payment and redemption of the value of \$100 and more, knowing the same to have been received, transferred, and used in

a manner in violation of the provisions of Chapter 51 of Title 7 of the United States Code and the regulations issued pursuant to such chapter.

3. It was further a part and an object of the conspiracy that AHMED ALSAMET and SHOIAB AHMED, the defendants, the defendants, and others known and unknown, knowingly would and did embezzle, steal, purloin, and convert to their own use and the use of another, and, without authority, sell, convey, and dispose of a record, voucher, money, and thing of value of the United States and of a department and agency thereof, the value of which exceeded \$1,000.

OVERT ACTS

4. In furtherance of the conspiracy and to effect the illegal objects thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. On or about December 16, 2011, AHMED ALSAMET, the defendant, in his capacity as the owner of SAM DELI GROCERY STORE INC. ("SAM DELI"), exchanged food stamp benefits for cash at the request of a cooperating witness posing as a store customer.

b. On or about July 2, 2012, SHOIAB AHMED, the defendant, in his capacity as an employee of SAM DELI, exchanged food stamps for cash at the request of a cooperating witness posing as a store customer.

c. On or about September 10, 2012, AHMED, in his capacity as an employee of SAM DELI, exchanged food stamps for cash at the request of a cooperating witness posing as a store customer.

d. On or about January 7, 2013, ALSAMET, in his capacity as the owner of SAM DELI, exchanged food stamps for cash at the request of a cooperating witness posing as a store customer.

(Title 18, United States Code, Section 371.)

* * *

The sources for my knowledge and the foregoing charges are, in part, as follows:

5. I have been a federal law enforcement officer for eighteen years and a Special Agent with USDA-OIG for approximately four years. During my time at USDA-OIG I have conducted investigations into licensed retailers suspected of unlawfully redeeming food stamps in exchange for cash. I have also received training regarding these types of investigations.

6. This affidavit is based upon my personal knowledge, my review of documents and other evidence, and my conversations with other law enforcement officers and civilian witnesses. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

The Supplemental Nutrition Assistance Program (SNAP)

7. Based on my training and experience as a USDA-OIG Special Agent, I know the following about the administration of food stamp benefits by the Food and Nutrition Service (the "FNS") of the USDA:

a. The Food Stamp Act of 1977, as amended, 7 U.S.C. §§ 2011-2034, established the Food Stamp Program, now known as the Supplemental Nutrition Assistance Program ("SNAP").

b. Recipients of SNAP assistance redeem their program benefits by using an electronic benefits transfer ("EBT") card to purchase eligible food items at authorized retailers. The transfer of benefits is initiated when the recipient's card is swiped through an EBT terminal at the authorized retailer. The recipient is then prompted to enter a Personal Identification Number ("PIN") to access his or her SNAP account. The SNAP system then verifies the PIN and either authorizes or denies the transaction, depending on the balance in the recipient's account. If the transaction is approved, the recipient's account is debited for the amount of the purchase, and a bank account designated by the retailer is credited for that amount.

c. SNAP benefits may be redeemed only for eligible

food items; redemption for cash is prohibited. See 7 C.F.R. § 278.2. Prior to receiving authorization to participate in the program, authorized retailers are required to receive training on SNAP rules and regulations, including the prohibition on redeeming SNAP benefits for cash. Retailers are required in turn to train their employees concerning the prohibition on cash redemptions. Further, during a SNAP EBT transaction, the retailer is reminded of the prohibition through a warning printed on the bottom of the sales receipt from the EBT terminal, stating, "DO NOT DISPENSE CASH."

The Scheme

8. SAM DELI is a convenience store located at 156 Palisade Avenue, Yonkers, New York. During the time period relevant hereto, SAM DELI has been licensed to redeem food stamp benefits under the SNAP program.

9. During the time period relevant hereto, AHMED ALSAMET, the defendant, was the owner of SAM DELI, and SHOIAB AHMED, the defendant, was an employee of SAM DELI.

10. Since in or about May 2011, USDA-OIG agents have been investigating a scheme involving the illegal exchange of food stamp benefits for cash at SAM DELI. As part of the scheme, individuals who work at SAM DELI would charge large amounts to SNAP customers' EBT cards for supposed purchases of eligible food items. In fact, only a small amount of food items was purchased in these transactions. Instead, the customer received cash in exchange for the purchases. SAM DELI charged a substantial premium for these transactions: on average, the customers would be given approximately three-fifths of the amount charged to the customers' EBT cards, while the remaining approximately two-fifths would be kept by SAM DELI.

11. Between May 2011 and January 2013, multiple undercover operations were conducted at SAM DELI using a confidential witness ("CW-1").¹

¹ CW-1 is a paid informant of the USDA-OIG. CW-1 has numerous prior convictions for, among other things, robbery, burglary, attempted burglary, assault, attempted assault, narcotics possession, unauthorized use of a vehicle, petit larceny, and criminal possession of stolen property, and has a pending charge for petit larceny.

a. CW-1 went to SAM DELI and attempted to redeem SNAP benefits for cash while wearing audio/video recording devices.

b. On each occasion, I ensured that the cooperating witness possessed only a SNAP EBT card upon entering the store and was not in possession of any cash.

c. On numerous occasions, CW-1 emerged from the store with cash, which I promptly inventoried.

d. Based on FNS redemption data, I know that the EBT card carried by CW-1 was charged on each occasion that CW-1 emerged with cash.

e. In total, over the course of these undercover operations, AHMED ALSAMET and SHOIAB AHMED, the defendants, exchanged SNAP benefits for cash on approximately seven occasions, resulting in the exchange of approximately \$234.40 in SNAP benefits for approximately \$140.00 in cash.

12. The following are examples of transactions conducted by CW-1, the details of which I have learned from debriefing the cooperating witnesses and reviewing the recordings of CW-1's transactions and EBT redemption data from those transactions:

a. During an undercover operation conducted on December 16, 2011, CW-1 asked AHMED ALSAMET, the defendant, in substance and in part, to obtain cash from the EBT card. ALSAMET accepted CW-1's EBT card, processed the transaction, and charged \$42.76 on the card, of which approximately \$9.75 was for the purchase of a store item. As to the remaining \$33.01, ALSAMET returned \$20.00 in cash to CW-1 and kept the remaining \$13.01 for the store.

b. During an undercover operation conducted on July 2, 2012, CW-1 asked SHOIAB AHMED, the defendant, in substance and in part, to obtain cash from the EBT card. AHMED accepted CW-1's EBT card, processed the transaction, and charged \$42.51 on the card, of which approximately \$9.75 was for the purchase of a store item. As to the remaining \$32.76, AHMED returned \$20.00 in cash to CW-1 and kept the remaining \$12.76 for the store.

c. During an undercover operation conducted on September 10, 2012, CW-1 asked AHMED, in substance and in part, to obtain cash from the EBT card. AHMED accepted CW-1's EBT card, processed the transaction, and charged \$42.49 on the card,

of which approximately \$9.75 was for the purchase of a store item. As to the remaining \$32.74, AHMED returned \$20.00 in cash to CW-1 and kept the remaining \$12.74 for the store.

d. During an undercover operation conducted on January 7, 2013, CW-1 asked ALSAMET, in substance and in part, to obtain cash from the EBT card. ALSAMET accepted CW-1's EBT card, processed the transaction, and charged \$57.68 on the card, of which approximately \$19.70 was for the purchase of store items. As to the remaining \$37.98, ALSAMET returned \$20.00 in cash to CW-1 and kept the remaining \$17.98 for the store.

13. On or about October 29, 2013, a program specialist ("Program Specialist-1") for the FNS conducted a voluntary survey at SAM DELI regarding SNAP. I have reviewed a report prepared by Program Specialist-1 that states, in substance and in part, that AHMED ALSAMET, the defendant, informed Program Specialist-1 that he is knowledgeable regarding SNAP rules and regulations.

14. Based on FNS data, I have compared the amount of SNAP benefits redeemed by SAM DELI from March 2012 through February 2013 with amounts redeemed by similarly sized grocery stores in the same area of Yonkers, New York. As reflected in the chart below, the amount of SNAP benefits redeemed by SAM DELI during the time period in question dwarfs the amounts redeemed by similarly situated stores:

STORE NAME/ADDRESS	STORE TYPE	NUMBER OF REGISTERS	TOTAL SNAP REDEMPTIONS, March 2012 - February 2013	AVERAGE MONTHLY SNAP REDEMPTIONS
SAM DELI Yonkers, NY	Convenience	1	\$292,819.40	\$24,401.61
Comparator Store-1 Yonkers, NY	Convenience	1	\$71,460.16	\$5,955.01
Comparator Store-1 Yonkers, NY	Convenience	1	\$60,014.53	\$5,001.21
Comparator Store-1 Yonkers, NY	Convenience	1	\$8,433.27	\$702.77

15. I know from my training and experience that such dramatic disparities in redemption data indicate that the outlier retailer is providing cash in exchange for SNAP benefits.

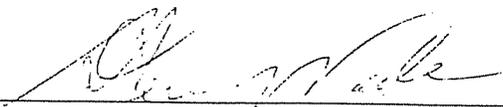
16. Based on FNS' data, I have also learned that, from January 2009 through October 2013, SAM DELI conducted approximately 4,227 SNAP transactions for \$50 or more, totaling approximately \$263,532.59.

17. Based on my training and experience, I know that this is an unusually high volume of SNAP transactions for \$50 or more for a convenience store. The average SNAP transaction for a convenience store in New York State between March 2012 and February 2013 was approximately \$10.42.

18. Moreover, based on visual surveillance of SAM DELI during the investigation, I know that the store is not stocked or equipped to handle large numbers of purchases for \$50 or more. No shopping carts or shopping baskets are offered to customers. The store has limited stock, only one register, and a lack of check-out counter space. Most customers seen leaving the store when it was under surveillance were carrying either no visible purchases or only small bags of goods.

19. Based on the foregoing, AHMED ALSAMET and SHOIAB AHMED, the defendants, and others known and unknown, conspired to exchange over \$250,000.00 in food stamp benefits for cash.

WHEREFORE, I respectfully request that arrest warrants be issued for AHMED ALSAMET and SHOIAB AHMED, the defendants, the defendants, and that they be arrested and imprisoned or bailed, as the case may be.



Steven Wade
Special Agent, USDA-OIG

Sworn to before me this
13 day of January 2014



HONORABLE PAUL E. DAVISON
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK