

FILED

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

APR 04 2022 *vs*

THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

UNITED STATES OF AMERICA

v.

YOUSEF ABU ALHAWA

Violations: Title 18, United States Code,
Section 1343; Title 7, United States
Code, Section 2024(b); Title 26, United
States Code, Section 7206(1)

COUNT ONE

The SPECIAL NOVEMBER 2020 GRAND JURY charges:

1. At times material to this Indictment:

The Supplemental Nutrition Assistance Program

a. The United States Department of Agriculture ("USDA"), Food and Nutrition Service ("FNS"), was a federal agency responsible for the administration and implementation of the Supplemental Nutrition Assistance Program ("SNAP") throughout the United States. SNAP, formerly known as the Food Stamp Program, was a federal benefit program that was established to assist low-income individuals and families purchase food.

b. The State of Illinois administered SNAP, and benefits were provided to participants through electronic benefit transfers ("EBT"). SNAP recipients received and redeemed their benefits electronically via an EBT card, commonly known in Illinois as a "Link" card. SNAP benefits were electronically credited to each SNAP recipient's Link card every month for the purchase of eligible food items.

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District Judge Steven C. Seeger
Magistrate Judge Young B. Kim
Random

c. SNAP recipients made purchases by presenting their Link card to a retailer authorized by FNS to participate in SNAP (an “authorized store”), typically swiping the Link card through an electronic point-of-sale (“POS”) device, and entering their personal identification number (“PIN”). The POS device recorded the Link account number, the date and time of the transaction, and the amount debited from the recipient’s account. The authorized store then sought government reimbursement for the items sold to the SNAP recipient via an electronic transfer into the authorized store’s designated bank account.

d. In the State of Illinois, the redemption of SNAP benefits was processed by Xerox State and Local Solutions, Inc. (“Xerox”), and later by Conduent State & Local Solutions, Inc. (“Conduent”). Authorized stores contracted directly with Xerox, Conduent, and/or with a third-party processor to process SNAP transactions from each POS device. For SNAP transactions processed directly by Xerox or Conduent, when the retailer conducted a SNAP transaction using a Link card, the retailer’s POS device transmitted the transaction information to a computer system in Texas. Through this contact, Xerox and Conduent determined whether the Link account had sufficient funds to cover the transaction and sent a return transmission to the POS device either approving or denying the sale.

e. Each day, Xerox and Conduent determined the total amount of approved SNAP transactions for the authorized store’s account for that day, then caused an electronic payment for that amount to be made to the authorized store’s designated bank account. To obtain the funds from USDA, Xerox and Conduent sent

an electronic request for funds transfer to the Federal Reserve Bank of Richmond in Richmond, Virginia. The Federal Reserve Bank then electronically transferred the funds to a designated bank located in Cleveland, Ohio, and that bank in turn transferred the funds to the authorized store's designated bank account.

f. For SNAP transactions processed by a third-party processor, the process was similar to the process described above, except that the authorized store interacted with the third-party processor which, in turn, interacted with Xerox or Conduent. Specifically, the store's POS device sent SNAP transaction information to the third-party processor, which then sent the information by wire communication to a computer system in Texas. Once it was determined that the Link account had sufficient funds, a return wire communication was sent to the third-party processor, which in turn transmitted the information back to the store's POS device. After a daily settlement, funds were requested from the Federal Reserve Bank of Richmond in Richmond, Virginia and the bank electronically transferred funds to a designated bank in Cleveland, Ohio. That bank electronically transferred the funds to the third-party processor's designated bank, and the third-party processor's bank electronically transferred the funds to the authorized store's bank account.

g. A store could not lawfully accept SNAP benefits until after it received authorization from FNS. To become eligible, the store owner was required to complete, sign, and submit an FNS-252, Supplemental Nutrition Assistance Program Application for Stores, as well as complete an FNS "retailer orientation." In

signing an application, the owner agreed to comply with all statutory and regulatory requirements associated with the SNAP program.

h. SNAP regulations provided authorized stores could only accept SNAP benefits in exchange for eligible food items. Authorized stores were prohibited from accepting SNAP benefits in exchange for non-eligible items or cash. Authorized stores were also prohibited from accepting SNAP benefits for transactions conducted at other retail food stores.

Special Supplemental Nutrition Program for Women, Infants, and Children

i. The Special Supplemental Nutrition Program for Women, Infants, and Children (“WIC”) was a federally funded special supplemental food program sponsored by the USDA, managed by FNS, and administered by the Illinois Department of Human Services (“IDHS”). The WIC program was designed to provide a more nutritious diet to low and moderate-income pregnant, breastfeeding, and postpartum women; infants; and children up to five years of age.

j. In Illinois, WIC benefits were issued to eligible recipients in the form of paper “WIC Food Instruments,” commonly known as “WIC checks.” Each WIC check listed the recipient’s name and unique WIC identification number, the maximum redeemable value, and the specific food items eligible for purchase. Each check also listed a “first day to use” and “last day to use” date; recipients were not permitted to redeem their checks outside the designated window.

k. In Illinois, the IDHS authorized vendors to participate in the WIC program. To participate in the WIC program, vendors first completed an application

and attended WIC retail vendor training that was conducted by the Illinois Retail Merchants Association and Illinois Food Retailers. Each training program discussed USDA WIC regulations and issues related to the WIC vendor contract. After successful completion of the WIC vendor application process and training program, an applicant vendor was then eligible for authorization for participation in the WIC program. Initial WIC authorization began on the date that IDHS authorized the vendor's application and ended on September 30th of the following year. After the initial contract expired, retailers had to be reauthorized every subsequent year.

l. Authorized vendors signed contracts indicating that they would comply with all the rules and regulations of the WIC program. WIC regulations provided that WIC vendors could not provide unauthorized food items, nonfood items, cash, or credit in exchange for WIC checks. WIC vendors could only accept a WIC check within the specified time period indicated on the check. WIC vendors were prohibited from accepting WIC checks for transactions conducted at other retail food stores.

m. When an authorized retailer accepted a WIC check from a WIC participant, it wrote the actual amount of sale on the check and stamped it with the store's unique WIC vendor number, which served as a secondary endorsement. The store then redeemed the check through its bank. A WIC processor that was located in Minnesota and that IDHS contracted with processed the WIC checks for payment and reconciliation. The WIC processor subsequently submitted a request to the Federal Reserve Bank of Richmond in Richmond, Virginia for the distribution of

funds for payment. The Federal Reserve Bank of Richmond then sent a wire transfer to the WIC processor in Minnesota which, in turn, transferred and caused the transfer of monies to the WIC vendor's bank, and thereafter into the WIC vendor's designated bank account.

Olive Mount Mart

n. Beginning no later than in or about 2003, defendant YOUSEF ABU ALHAWA owned and operated Olive Mount Mart, a grocery store located at 3536 West 63rd Street in Chicago, Illinois.

o. On or about March 31, 2003, ALHAWA submitted to USDA a signed FNS-252, Supplemental Nutrition Assistance Program Application for Stores, on behalf of Olive Mount Mart. In his signed application, ALHAWA represented and caused to be represented that Olive Mount Mart was a sole proprietorship and a "Medium or Small Grocery" with \$365,000 in annual gross sales and \$290,000 in annual eligible retail food sales.

p. On or about April 1, 2003, ALHAWA signed a "Retailer Training Acknowledgement" ("the Acknowledgement") on behalf of Olive Mount Mart. The Acknowledgement stated that ALHAWA had attended an FNS retailer orientation, reviewed the program's rules and regulations, and understood that accepting food benefits in exchange for anything other than eligible food items constituted a violation of federal law. On or about May 5, 2003, USDA authorized Olive Mount Mart to redeem SNAP benefits.

q. On or about September 6, 2006, ALHAWA further applied on behalf of Olive Mount Mart for authorization to redeem WIC benefits. On or about December 28, 2006, he signed a WIC Retail Vendor Contract in which he certified, among other things, that Olive Mount Mart would comply with the provisions of the USDA WIC regulations. His application was approved on or about January 24, 2007.

r. ALHAWA applied for and received reauthorizations for Olive Mount Mart to redeem SNAP and WIC benefits following approval of his initial applications. The USDA reauthorized Olive Mount Mart to redeem SNAP in approximately September 2014. Olive Mount Mart also received numerous WIC reauthorizations. Prior to some of those WIC reauthorizations, ALHAWA re-executed another WIC Retail Vendor Contract. Additionally, between 2012 and 2016, ALHAWA attended multiple WIC retail vendor training sessions, which covered the responsibilities of WIC vendors.

s. Beginning no later than January 2011, and continuing through at least April 2019, ALHAWA maintained and caused to be maintained numerous checking accounts at multiple banks for the purpose of receiving electronic transfer reimbursements for SNAP and WIC benefits redeemed by and through Olive Mount Mart (collectively, the "Bank Accounts"). ALHAWA was the only authorized signatory on most of these accounts.

t. From approximately January 2011 through April 2019, ALHAWA redeemed over \$10.9 million in SNAP benefits and \$3.6 million in WIC benefits through Olive Mount Mart.

2. Beginning no later than in or around January 2011, and continuing through in or around April 2019, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

YOUSSEF ABU ALHAWA,

defendant herein, together with others known and unknown to the Grand Jury, knowingly devised, intended to devise, and participated in a scheme to defraud and to obtain money from the USDA and IDHS by means of materially false and fraudulent pretenses, representations, and promises, which scheme is further described below.

3. It was part of the scheme that ALHAWA controlled, owned, and operated Olive Mount Mart.

4. It was further part of the scheme that beginning in or around January 2011, and continuing until in or around April 2019, ALHAWA fraudulently redeemed, and caused to be redeemed, SNAP and WIC benefits in violation of SNAP and WIC program regulations by creating the false impression that the SNAP and WIC benefits were acquired by Olive Mount Mart in exchange for eligible items sold by Olive Mount Mart to SNAP and WIC beneficiaries, when, as ALHAWA knew at the time, no such exchanges had occurred, which ALHAWA knew to be prohibited by SNAP and WIC program regulations.

5. It was further part of the scheme that ALHAWA accepted WIC checks outside the time period specified on the checks.

6. It was further part of the scheme that ALHAWA caused Xerox, Conduent, a third-party processor, the Bank Accounts, and the Federal Reserve Bank of Richmond to transfer, and cause to be transferred, wire reimbursements to the Bank Accounts for the fraudulently redeemed SNAP and WIC benefits.

7. It was further part of the scheme that ALHAWA fraudulently deposited, and caused to be deposited, WIC checks redeemed at stores besides Olive Mount Mart into the Bank Accounts.

8. It was further part of the scheme that ALHAWA withdrew, and caused to be withdrawn, substantial amounts of cash from the Bank Accounts.

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

10. On or about December 1, 2016, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

YOUSSEF ABU ALHAWA,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce from Bloomington, Illinois to Minneapolis, Minnesota certain writings, signs, and signals, namely data relating to the negotiation of WIC checks issued to Individual A and numbered 32855237, 32855238, 32855239, and 32855240;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 9 of Count One of this indictment are incorporated here.

2. On or about January 26, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

YOUSEF ABU ALHAWA,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce from Bloomington, Illinois to Minneapolis, Minnesota certain writings, signs, and signals, namely data relating to the negotiation of WIC checks belonging to Individual B and numbered 34306111, 34306112, 34306113, and 34306114;

In violation of Title 18, United States Code, Section 1343.

COUNT THREE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 9 of Count One of this indictment are incorporated here.

2. On or about September 7, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

YOUSSEF ABU ALHAWA,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce from Chicago, Illinois, to Chandler, Arizona, certain writings, signs, and signals, namely: a point-of-sale SNAP transaction requesting authorization to redeem Electronic Benefit Transfer SNAP benefits belonging to Individual C and having a face value of approximately \$86.38;

In violation of Title 18, United States Code, Section 1343.

COUNT FOUR

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 9 of Count One of this indictment are incorporated here.

2. On or about September 7, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere

YOUSEF ABU ALHAWA,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce from Chicago, Illinois, to Dallas, Texas, certain writings, signs, and signals, namely: a point-of-sale SNAP transaction requesting authorization to redeem Electronic Benefit Transfer SNAP benefits belonging to Individual D and having a face value of approximately \$348.53;

In violation of Title 18, United States Code, Section 1343.

COUNT FIVE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 9 of Count One of this indictment are incorporated here.

2. On or about September 27, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

YOUSSEF ABU ALHAWA,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce from Chicago, Illinois to Minneapolis, Minnesota certain writings, signs, and signals, namely data relating to the negotiation of WIC checks issued to Individual E and numbered 41067851, 41067852, 41067853, 41067854, 41067863, 41067864, 41067865, and 41067866;

In violation of Title 18, United States Code, Section 1343.

COUNT SIX

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 15 of Count One of this indictment are incorporated here.

2. On or about November 6, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

YOUSEF ABU ALHAWA,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce from Chicago, Illinois, to Omaha, Nebraska, certain writings, signs, and signals, namely: a point-of-sale SNAP transaction requesting authorization to redeem Electronic Benefit Transfer SNAP benefits belonging to Individual F and having a face value of approximately \$102.88;

In violation of Title 18, United States Code, Section 1343.

COUNT SEVEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about September 7, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

YOUSSEF ABU ALHAWA,

defendant herein, by and through the business of Olive Mount Mart, 3536 West 63rd Street in Chicago, Illinois, did knowingly acquire SNAP benefits in a manner contrary to the provisions of the Food Stamp Act, Chapter 51 of Title 7, United States Code, and the regulations issued pursuant thereto, in that he used the Link Account owned by Individual D to redeem food stamp benefits of a value of approximately \$348.53, when no eligible food items from Olive Mount Mart were sold to Individual D;

In violation of Title 7, United States Code, Section 2024(b).

COUNT EIGHT

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about November 6, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

YUSEF ABU ALHAWA,

defendant herein, by and through the business of Olive Mount Mart, 3536 West 63rd Street in Chicago, Illinois, did knowingly acquire SNAP benefits in a manner contrary to the provisions of the Food Stamp Act, Chapter 51 of Title 7, United States Code, and the regulations issued pursuant thereto, in that he used the Link Account owned by Individual F to redeem food stamp benefits of a value of approximately \$102.88, when no eligible food items from Olive Mount Mart were sold to Individual F;

In violation of Title 7, United States Code, Section 2024(b).

COUNT NINE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about February 12, 2016, at Bridgeview, in the Northern District of Illinois, Eastern Division,

YOUSSEF ABU ALHAWA,

defendant herein, willfully made and subscribed, and caused to be made and subscribed, a U.S. Individual Income Tax Return (Form 1040 with schedules and attachments), for the calendar year 2015, which return was verified by written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which return he did not believe to be true and correct as to every material matter, in that said return reported on Line 22 that the total income was \$25,251, when defendant knew that his total income substantially exceeded that amount;

In violation of Title 26, United States Code, Section 7206(1).

COUNT TEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about March 16, 2017, at Bridgeview, in the Northern District of Illinois,
Eastern Division,

YOUSSEF ABU ALHAWA,

defendant herein, willfully made and subscribed, and caused to be made and subscribed, a U.S. Individual Income Tax Return (Form 1040 with schedules and attachments), for the calendar year 2016, which return was verified by written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which return he did not believe to be true and correct as to every material matter, in that said return reported on Line 22 that the total income was \$29,557, when defendant knew that his total income substantially exceeded that amount;

In violation of Title 26, United States Code, Section 7206(1).

COUNT ELEVEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about February 22, 2018, at Bridgeview, in the Northern District of Illinois, Eastern Division,

YOUSSEF ABU ALHAWA,

defendant herein, willfully made and subscribed, and caused to be made and subscribed, a U.S. Individual Income Tax Return (Form 1040 with schedules and attachments), for the calendar year 2017, which return was verified by written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which return he did not believe to be true and correct as to every material matter, in that said return reported on Line 22 that the total income was \$14,767, when defendant knew that his total income substantially exceeded that amount;

In violation of Title 26, United States Code, Section 7206(1).

FORFEITURE ALLEGATION

The SPECIAL NOVEMBER 2020 GRAND JURY further alleges:

1. The allegations of this Indictment are incorporated here for the purpose of alleging forfeiture to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

2. Upon conviction of an offense set forth in this Indictment,

YOUSSEF ABU ALHAWA,

defendant herein, shall forfeit to the United States and any and all right, title, and interest he may have in any property, real and personal, which constitutes and is derived from proceeds traceable to the charged offense, as provided in 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

3. If any of the forfeitable property described above, as a result of any act or omission by the defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been comingled with other property which cannot be divided without difficulty, the United States shall be entitled to forfeiture of substitute property as provided by Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY