

ORIGINAL

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 55

SEALED COMPLAINT

UNITED STATES OF AMERICA

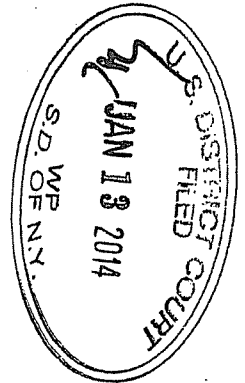
- v. -

GLORIA GARCIA,

Defendant.

Violation of  
18 U.S.C. § 371

COUNTY OF OFFENSE:  
WESTCHESTER



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 July 2007 and continuing until April 2011, in the Southern District of New York and elsewhere, GLORIA GARCIA, the defendant, 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 GLORIA GARCIA, the defendant, 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 GLORIA GARCIA, the defendant, 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 August 6, 2010, GLORIA GARCIA, the defendant, in her capacity as the owner of a grocery store (the "Store"), exchanged food stamp benefits for cash at the request of a cooperating witness posing as a store customer.

b. On or about November 5, 2010, GARCIA, in her capacity as the owner of the Store, exchanged food stamp benefits 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.

#### The Scheme

8. The Store is a small grocery store located in Yonkers, New York. During the time period relevant hereto, the Store has been licensed to redeem food stamp benefits under the SNAP program.

9. During the time period relevant hereto, GLORIA GARCIA, the defendant, was the owner of the Store.

10. Since in or about July 2009, USDA-OIG agents have been investigating a scheme involving the illegal exchange of food stamp benefits for cash at the Store. As part of the scheme, individuals who worked at the Store 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. The Store charged a substantial premium for these transactions: on average, the customers would be given approximately two-thirds of the amount charged to the customers' EBT cards, while the remaining approximately one-third would be kept by the Store.

11. Between March 2010 and February 2011, multiple undercover operations were conducted at the Store using a confidential witness ("CW-1").<sup>1</sup>

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

b. On each occasion, a USDA-OIG investigator ("Investigator-1") ensured that CW-1 possessed only a SNAP EBT card upon entering the store and was not in possession of any cash.

c. On multiple occasions, CW-1 emerged from the store with cash, which Investigator-1 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, GLORIA GARCIA, the defendant, and others known and unknown, exchanged SNAP benefits for cash on approximately four occasions, resulting in the exchange of approximately \$129.99 in SNAP benefits for approximately \$90.00 in cash.

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<sup>1</sup> CW-1 was a paid informant of the USDA-OIG. CW-1 has a prior conviction for disorderly conduct.

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

a. During an undercover operation conducted on August 6, 2010, CW-1 asked GLORIA GARCIA, the defendant, in substance and in part, to obtain cash from the EBT card. GARCIA accepted CW-1's EBT card, processed the transaction, and charged \$22.74 on the card, of which approximately \$2.75 was for the purchase of a store item. As to the remaining \$19.99, GARCIA returned \$14.00 in cash to CW-1 and kept the remaining \$5.99 for the store.

b. During an undercover operation conducted on November 5, 2010, CW-1 asked GARCIA, the defendant, in substance and in part, to obtain cash from the EBT card. GARCIA accepted CW-1's EBT card, processed the transaction, and charged \$74.50 on the card, of which approximately \$12.50 was for the purchase of store items. As to the remaining \$62.00, GARCIA returned \$42.00 in cash to CW-1 and kept the remaining \$20.00 for the store.

13. Based on FNS data, I have compared the amount of SNAP benefits redeemed by the Store from March 2010 through February 2011 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 the Store 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 2010 - February 2011	AVERAGE MONTHLY SNAP REDEMPTIONS
The Store Yonkers, NY	Small Grocery Store	1	\$407,687.60	\$33,973.96
Comparator Store-1 Yonkers, NY	Small Grocery Store	1	\$166,602.95	\$13,883.57
Comparator Store-2 Yonkers, NY	Small Grocery Store	1	\$138,707.04	\$11,558.92
Comparator Store-3 Yonkers, NY	Small Grocery Store	1	\$23,502.64	\$1,958.55

14. 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.

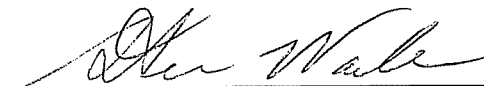
15. Based on FNS data, I have also learned that, from July 2007 through April 2011, the Store conducted approximately 9,185 SNAP transactions for \$50 or more, totaling approximately \$836,086.65.

16. Based on my training and experience, I know that this is an unusually high volume of SNAP transactions for \$50 or more for a small grocery store. The average SNAP transaction for a small grocery store in New York State between March 2010 and February 2011 was approximately \$13.64.

17. Moreover, based on visual surveillance of the Store 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.

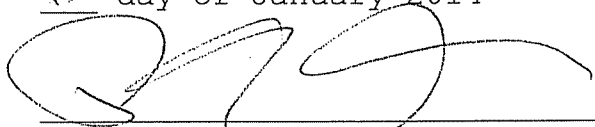
18. Based on the foregoing, GLORIA GARCIA, the defendant, and others known and unknown, conspired to exchange over \$800,000.00 in food stamp benefits for cash.

WHEREFORE, I respectfully request that an arrest warrant be issued for GLORIA GARCIA, the defendant, 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