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United States Attorney

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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

11 **CR 14 437**

12 UNITED STATES OF AMERICA,

13 Plaintiff,

14 v.

15 JESSE J. AMARAL, JR.,
a/k/a "Babe Amaral,"
16 FELIX SANDOVAL CABRERA
a/k/a "Felix Cabrera Sandoval," and
17 EUGENE D. CORDA,

18 Defendants.

) CASE NO.
)
) VIOLATIONS: 18 U.S.C. § 371 – Conspiracy to
) Distribute Adulterated, Misbranded, and Uninspected
) Meat; 18 U.S.C. § 1349 – Conspiracy to Commit
) Mail Fraud; 21 U.S.C. §§ 610(c) and 676(a) –
) Distribution of Adulterated, Misbranded, and
) Uninspected Meat; 18 U.S.C. § 1341 – Mail Fraud;
) 18 U.S.C. § 2 – Aiding and Abetting; 18 U.S.C.
) § 981(a)(1)(C) and 28 U.S.C. § 2461(c) – Criminal
) Forfeiture
)
) SAN FRANCISCO VENUE

19
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21 INDICTMENT

22 The Grand Jury charges:

23 INTRODUCTORY ALLEGATIONS

24 At all times relevant to this Indictment:

25 Background Regarding Rancho and Rancho Personnel

26 1. Rancho Feeding Corporation ("Rancho") was a livestock slaughterhouse located in
27 Petaluma, California. Rancho was authorized by the United States Department of Agriculture (USDA)
28 to slaughter and process cattle, among other animals, for human consumption.

INDICTMENT

1 2. Defendant Jesse J. AMARAL, Jr., also known as "Babe Amaral," and R.S. jointly owned
2 Rancho. AMARAL was Rancho's President and General Manager, controlling the company's day-to-
3 day operations. R.S. was primarily responsible for purchasing cattle and loading shipments of processed
4 cattle for distribution. R.S. also managed onsite operations at Rancho when AMARAL was unavailable.

5 3. Defendant Felix Sandoval CABRERA, also known as "Felix Cabrera Sandoval," was
6 Rancho's foreperson. As such, he was responsible for the staff and operations of Rancho's "kill floor,"
7 where livestock were slaughtered. CABRERA was also primarily responsible for "knocking" cattle, the
8 process by which cattle are stunned prior to slaughter.

9 4. Defendant Eugene D. CORDA was Rancho's primary yardperson, responsible for
10 receiving cattle and moving them for inspection and slaughter.

11 Background Regarding Rancho Operations

12 5. R.S. purchased cattle for Rancho's slaughter operations from livestock auction houses in
13 Northern California and Nevada, as well as from private farmers. Some of the purchased cattle
14 exhibited signs of epithelioma, that is lumps or other abnormalities around the eye, and were thus less
15 expensive than cattle that appeared completely healthy.

16 6. CORDA or another Rancho employee moved newly-arrived cattle into one of several
17 outdoor holding pens. Cattle exhibiting signs of epithelioma, also known as cancer eye, were moved
18 into a pen referred to as "9A."

19 7. AMARAL or R.S. determined the order in which cattle would be processed for
20 inspection and slaughter. At AMARAL's or R.S.'s instruction, CORDA moved specified cattle into a
21 designated pen for ante mortem inspection by a USDA veterinarian or an inspector with the USDA's
22 Food Safety and Inspection Service (FSIS).

23 8. Generally, cattle that passed the ante mortem inspection were moved directly into the
24 "kill chute" and onto the kill floor, where they were knocked, slaughtered, and inspected again.
25 Carcasses that passed this post mortem inspection were tagged and prepared for transport and sale.
26 Cattle that were condemned following post mortem inspection were deposited into the "gut bin."

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1 The Federal Meat Inspection Act

2 9. The Federal Meat Inspection Act (FMIA) was enacted to protect “the health and welfare
3 of consumers . . . by assuring that meat and meat food products distributed to them are wholesome, not
4 adulterated, and properly marked, labeled, and packaged.” 21 U.S.C. § 602. FSIS was responsible for
5 implementing the inspection provisions of the FMIA. 9 C.F.R. § 300.3(a).

6 10. Cattle carcasses, carcass parts, and meat were deemed “adulterated” if for any reason
7 they were “unsound, unhealthful, or otherwise unfit for human food.” 21 U.S.C. § 601(m)(3). The term
8 “misbranded” applied to “any carcass, part thereof, meat or meat food product . . . if its labeling is false
9 or misleading in any particular.” 21 U.S.C. § 601(n).

10 11. The FMIA and its implementing regulations required inspection both before and after
11 slaughter of all livestock and carcasses that could be used as human food. 21 U.S.C. § 604; 9 C.F.R.
12 § 309.1. The ante mortem inspection required designation as “U.S. Suspect” of any cattle suspected of
13 being affected with a condition that could cause condemnation of the carcass on post mortem inspection.
14 9 C.F.R. Pt. 311. One such condition was epithelioma of the eye, or cancer eye. 9 C.F.R. §§ 309.2(e)
15 and 311.12.

16 12. The FMIA further required that all unadulterated carcasses and parts be marked
17 “Inspected and passed,” while adulterated carcasses and parts were required to be labeled “Inspected and
18 condemned” and destroyed for food purposes in the presence of an inspector. 21 U.S.C. § 604.

19 13. The FMIA prohibited the sale and transport in commerce of adulterated or misbranded
20 cattle, carcasses, and parts of carcasses, which are capable of use as human food, as well as the sale and
21 transport of any articles required to be inspected that were not so inspected and passed. 21 U.S.C.
22 § 610(c).

23 MANNER AND MEANS OF THE CONSPIRACIES

24 Fraudulent Processing of Condemned Cattle and Cancer Eye Cows

25 14. Beginning in approximately mid to late 2012 and continuing through January 10, 2014,
26 AMARAL directed Rancho employees to process cattle that had already been condemned by the USDA
27 veterinarian. Specifically, AMARAL instructed CABRERA which condemned cattle should be
28 processed and, based on this instruction, CABRERA in turn directed kill floor employees to carve

1 "USDA Condemned" stamps out of the cattle carcasses and to process the carcasses for transport, sale,
2 and distribution.

3 15. Also beginning in approximately mid to late 2012 and continuing through January 10,
4 2014, AMARAL and R.S. directed CORDA and CABRERA to circumvent inspection procedures for
5 certain cancer eye cows. Acting at AMARAL's and R.S.'s instructions, CORDA swapped uninspected
6 cancer eye cows for cattle that had already passed ante mortem inspection and were awaiting slaughter.
7 CABRERA knocked the cancer eye cows, and he or another kill floor employee at his instruction
8 slaughtered them and deposited their heads in the gut bin. CABRERA, or another kill floor employee at
9 his instruction, placed heads from apparently healthy cows, which had been previously reserved, next to
10 the cancer eye cow carcasses. This switch and slaughter of uninspected cancer eye cows occurred
11 during the inspectors' lunch breaks, a time during which plant operations were supposed to cease. When
12 the inspectors returned from lunch for post mortem inspections, they were unaware that the carcasses
13 they were inspecting belonged to cancer eye cows that had escaped ante mortem inspection.

14 16. Between January 2013 and January 2014, Rancho processed and distributed for human
15 consumption carcasses, carcass parts, and meat from approximately 101 condemned cattle and
16 approximately 79 cancer eye cows. Rancho mailed or delivered invoices to buyers in connection with
17 each such distribution and, based on these invoices, the buyers mailed payments to Rancho. At
18 AMARAL's and R.S.'s instructions, Rancho compensated CABRERA approximately \$50.00 for each
19 condemned carcass or uninspected cancer eye cow carcass that Rancho distributed.

20 Fraudulent Invoicing

21 17. Beginning no later than 2012 and continuing through January 2014, AMARAL caused
22 Rancho to mail fraudulent invoices for cattle to farmers. Specifically, AMARAL falsely advised
23 farmers that their cattle had died or been condemned, knowing that the cattle had in fact been sold for
24 human consumption. Acting with R.S.'s knowledge and consent, AMARAL then created and caused
25 others to create invoices charging the farmers "handling" fees for disposal of the carcasses, instead of
26 compensating them based on the sale price. Between January 2013 and January 2014, Rancho mailed
27 fraudulent invoices to farmers in this manner for approximately seventeen cattle.

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1 COUNT ONE: (18 U.S.C. § 371 – Conspiracy to Distribute Adulterated, Misbranded, and
2 Uninspected Meat)

3 18. Paragraphs 1 through 16 of this Indictment are hereby re-alleged and incorporated by
4 reference as if set forth in full herein.

5 19. Beginning in mid to late 2012 and continuing through on or about January 10, 2014, in
6 the Northern District of California and elsewhere, the defendants,

7 JESSE J. AMARAL, JR.,
8 FELIX SANDOVAL CABRERA, and
9 EUGENE D. CORDA,

10 and others did knowingly and willfully conspire to sell and transport adulterated, misbranded, and
11 uninspected cattle carcasses, parts of carcasses, and meat, and the sale and transport involved an intent
12 to defraud, distribution, and attempted distribution of an article that was adulterated, in violation of the
13 Federal Meat Inspection Act, Title 21, United States Code, Sections 610(c) and 676(a).

14 OVERT ACTS

15 20. In furtherance of the conspiracy and to effect the objects of that conspiracy, in the
16 Northern District of California and elsewhere, AMARAL, CABRERA, CORDA, and others committed
17 the following overt acts:

18 a. On or about January 2, 2013, CABRERA acting on AMARAL's instructions
19 ordered a Rancho employee to remove the "USDA condemned" stamp from two condemned cattle.

20 b. On or about January 4, 2013, AMARAL and Rancho employees acting on
21 AMARAL's instructions sold for human consumption carcasses, carcass parts, and meat from two
22 condemned cattle.

23 c. On or about April 11, 2013, CABRERA acting on AMARAL's instructions
24 ordered a Rancho employee to remove the "USDA condemned" stamp from three condemned cattle.

25 d. On or about April 16, 2013, AMARAL and Rancho employees acting on
26 AMARAL's instructions sold for human consumption carcasses, carcass parts, and meat from three
27 condemned cattle.

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1 e. On or about January 10, 2014, AMARAL and Rancho employees acting on
2 AMARAL's instructions sold for human consumption carcasses, carcass parts, and meat from two
3 cancer eye cows that had not undergone complete USDA inspections.

4 All in violation of Title 18, United States Code, Section 371.
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6 COUNT TWO: (18 U.S.C. § 1349 – Conspiracy to Commit Mail Fraud)

7 21. Paragraphs 1 through 16 of this Indictment are hereby re-alleged and incorporated by
8 reference as if set forth in full herein.

9 22. Beginning in mid to late 2012 and continuing through on or about January 10, 2014, in
10 the Northern District of California and elsewhere, the defendants,

11 JESSE J. AMARAL, JR.,
12 FELIX SANDOVAL CABRERA, and
EUGENE D. CORDA,

13 and others did knowingly and willfully conspire to devise a material scheme and artifice to defraud, and
14 to obtain money and property by means of materially false and fraudulent pretenses, representations,
15 promises, and omissions, namely, by knowingly and intentionally selling and transporting adulterated,
16 misbranded, and uninspected cattle carcasses, parts of carcasses, and meat, and did knowingly cause
17 items, specifically payments for these cattle, to be delivered by the Postal Service and by a private or
18 commercial interstate carrier according to the directions thereon for the purpose of executing and
19 attempting to execute this scheme, in violation of Title 18, United States Code, Section 1349.
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21 COUNTS THREE THROUGH SIX: (21 U.S.C. § 610(c) and § 676(a) – Distribution of Adulterated
22 and Misbranded Meat; 18 U.S.C. § 2 – Aiding and Abetting)

23 23. Paragraphs 1 through 14 and 16 of this Indictment are hereby re-alleged and incorporated
24 by reference as if set forth in full herein.

25 24. On or about the following dates, in the Northern District of California and elsewhere, the
26 defendants,

27 JESSE J. AMARAL, JR., and
28 FELIX SANDOVAL CABRERA,

1 and others did knowingly sell and transport in commerce cattle carcasses, parts of carcasses, and meat
2 which were capable of use as human food, and which were adulterated and misbranded at the time of
3 such sale and transport, and the sale and transport involved an intent to defraud, distribution, and
4 attempted distribution of an article that was adulterated, in that the carcasses identified by the below tag
5 numbers were condemned and the condemnation stamps removed prior to sale and transport, and did aid
6 and abet the same:

| <u>Count</u> | <u>Date</u> | <u>Carcass Tag No.</u> |
|--------------|----------------|------------------------|
| 3 | Jan. 4, 2013 | 299 |
| 4 | June 27, 2013 | 354 |
| 5 | Sept. 12, 2013 | 571 |
| 6 | Dec. 24, 2013 | 693 |

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15 All in violation of the Federal Meat Inspection Act, Title 21, United States Code, Sections 610(c)
16 and 676(a), and Title 18, United States Code, Section 2.

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18 COUNTS SEVEN AND EIGHT: (21 U.S.C. § 610(c) and § 676(a) – Distribution of Adulterated,
19 Misbranded, and Uninspected Meat; 18 U.S.C. § 2 – Aiding and
Abetting)

20 25. Paragraphs 1 through 13, 15, and 16 of this Indictment are hereby re-alleged and
21 incorporated by reference as if set forth in full herein.

22 26. On or about the following dates, in the Northern District of California and elsewhere, the
23 defendants,

24 JESSE J. AMARAL, JR.,
25 FELIX SANDOVAL CABRERA, and
EUGENE CORDA,

26 and others did knowingly sell and transport in commerce cattle carcasses, parts of carcasses, and meat
27 which were capable of use as human food, and which were adulterated, misbranded, and uninspected at
28 the time of such sale and transport, and the sale and transport involved an intent to defraud, distribution,

1 and attempted distribution of an article that was adulterated, in that cancer eye cow carcasses identified
2 by the below tag numbers did not undergo full USDA inspection prior to sale and transport, and did aid
3 and abet the same:

| <u>Count</u> | <u>Date</u> | <u>Carcass Tag No.</u> |
|--------------|---------------|------------------------|
| 7 | Jan. 10, 2014 | 321 |
| 8 | Jan. 10, 2014 | 322 |

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9 All in violation of the Federal Meat Inspection Act, Title 21, United States Code, Sections 610(c)
10 and 676(a).

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12 COUNT NINE: (18 U.S.C. § 1349 – Conspiracy to Commit Mail Fraud)

13 27. Paragraphs 1 through 13 and 17 of this Indictment are hereby re-alleged and incorporated
14 by reference as if set forth in full herein.

15 28. Beginning in or about 2012 and continuing through on or about January 10, 2014, in the
16 Northern District of California and elsewhere, the defendant,

17 JESSE J. AMARAL, JR.,

18 and others, including R.S., did knowingly and willfully conspire to devise a material scheme and artifice
19 to defraud, and to obtain money and property by means of materially false and fraudulent pretenses,
20 representations and promises, and by material omissions, namely, by advising cattle farmers that their
21 cattle had died or were condemned, and did knowingly cause items, specifically invoices for these cattle,
22 to be delivered by the Postal Service and by a private or commercial interstate carrier according to the
23 directions thereon for the purpose of executing and attempting to execute this scheme, in violation of
24 Title 18, United States Code, Section 1349.

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26 COUNTS TEN AND ELEVEN: (18 U.S.C. § 1341 – Mail Fraud)

27 29. Paragraphs 1 through 13 and 17 of this Indictment are hereby re-alleged and incorporated
28 by reference as if set forth in full herein.

1 30. On or about the following dates, in the Northern District of California and elsewhere, the
2 defendant,

3 JESSE J. AMARAL, JR.,

4 did knowingly cause the following items to be delivered by the Postal Service and by a private or
5 commercial interstate carrier according to the directions thereon, for the purpose of executing a scheme
6 and artifice to defraud as to a material matter, and for obtaining money and property by means of
7 materially false and fraudulent pretenses, representations, promises, and omissions, namely, by advising
8 cattle farmers that their cattle bearing the carcass tags identified below had died or were condemned:

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| <u>Count</u> | <u>Approx. Date</u> | <u>Description of Mailing</u> | <u>Carcass Tag No.</u> |
|--------------|---------------------|-------------------------------|------------------------|
| 10 10 | Jan. 4, 2013 | Rancho Invoice 75973 | 345 |
| 11 11 | Jan. 9, 2014 | Rancho Invoice 79738 | 322 |

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14 All in violation of Title 18, United States Code, Section 1341.

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16 FORFEITURE ALLEGATION: (18 U.S.C. § 981(a)(1)(C); 28 U.S.C. § 2461(c) – Forfeiture)

17 31. Paragraphs 1 through 16, 21, 27, and 29 of this Indictment are hereby re-alleged and
18 incorporated by reference as if set forth in full herein.

19 32. Upon conviction of an offense set forth in Counts 2, 9, 10, or 11 of this Indictment,
20 alleging violation of Title 18, United States Code, Sections 1341 and 1349, the defendant,

21 JESSE J. AMARAL, JR.,

22 shall forfeit to the United States, pursuant to Title 18, United States Code, Section § 981(a)(1)(C) and
23 Title 28, United States Code, Section § 2461(c), any property, real or personal that constitutes, or is
24 derived from or is traceable to the proceeds obtained directly or indirectly from the commission of the
25 offense of conviction.

26 33. If any of the property described above, as a result of any act or omission of the defendant:

- 27 a. cannot be located upon the exercise of due diligence;
- 28 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 shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

All pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

DATED: August 14, 2014

A TRUE BILL.

Nancy J. Peterson
FOREPERSON

MELINDA HAAG
United States Attorney

J. Douglas Wilson
J. DOUGLAS WILSON
Chief, Criminal Division

(Approved as to form: H West)
AUSA WEST