

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

UNITED STATES OF AMERICA

v.

AMIR RASHEED
KARUNA MEHTA
MASHHOD AFZAL

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CR. NO.: 13-118ML

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In violation of 7 U.S.C. § 2024; 18 U.S.C.
§§ 2, 371, 1001 and 1956

SUPERSEDING INDICTMENT

The Grand Jury charges that:

COUNT I

INTRODUCTION

1. At all times relevant to this Superseding Indictment, the defendant, AMIR RASHEED (hereinafter "RASHEED"), was the owner of Stop & Go, Inc. (hereinafter "Stop & Go"), a convenience store located at 776 Douglas Street, Providence, Rhode Island. Stop & Go was incorporated by the defendant, AMIR RASHEED, on December 9, 2008.

2. At all times relevant to this Superseding Indictment, Stop & Go sold food items, such as bread, canned vegetables, chips, candy and other snacks, cheese, meat, sodas, juice, and other non-alcoholic beverages. The store also sold non-food items, such as cleaning products, tobacco products, and paper products.

3. At all times relevant to this Superseding Indictment, the defendant, KARUNA MEHTA (hereinafter "MEHTA"), was a manager of Stop & Go.

4. During the relevant time period, the defendant, MASHHOD AFZAL (hereinafter "AFZAL"), was employed as a clerk at Stop & Go.

5. During the relevant time period, Stop & Go was authorized to accept Supplemental Nutrition Assistance Program ("SNAP") benefits (also known as "food stamps") as payment for eligible food items sold out of the store.

6. Stop & Go's authorization to participate in SNAP was based upon an application submitted to the United States Department of Agriculture ("USDA") Food and Nutrition Service by RASHEED on or about July 15, 2009. Stop & Go was authorized to participate in SNAP on or about July 29, 2009.

7. At all times relevant to this Superseding Indictment, RASHEED maintained and controlled two business accounts at Bank of America held in the name of Stop & Go, Inc., account number xxxx2739 (hereinafter, the "SNAP account") and account number xxxx2713 (hereinafter, the "MoneyGram account").

8. At all times relevant to this Superseding Indictment, SNAP benefits associated with transactions conducted at Stop & Go were electronically deposited into the SNAP account. This account began receiving SNAP deposits on or about May 3, 2010 and continued to receive SNAP deposits until on or about April 1, 2013.

THE FOOD STAMP PROGRAM

9. SNAP enables low-income households to obtain a more nutritious diet by increasing their food purchasing power.

10. Under the program, eligible households receive SNAP benefits in the form of credits to an electronic benefit card to buy food from retail food stores that participate

in the SNAP. SNAP benefits are obligations of the United States and redeemable at face value by the Secretary of the USDA through the facilities of the Treasury of the United States. The USDA administers SNAP nationally.

11. Rhode Island relies upon the Electronic Benefit Transfer (EBT) system for the distribution of SNAP benefits. The EBT system uses plastic debit cards, which are automatically credited with the recipient's appropriate amount of benefits at the beginning of each month. To access benefits, the recipient presents the card at an authorized retailer's location. The card is swiped through an electronic terminal device, commonly known as an EBT terminal. The EBT terminal reads coded information on the card's magnetic strip. Through a series of wire transfers, the transaction amount is deducted from the EBT card's balance and deposited into the retailer's account.

12. In order to receive payment for SNAP transactions, retailers must use state-contracted processing companies or third party processing companies. These companies facilitate the transfer of each state's pool of USDA SNAP benefits to the bank accounts maintained by authorized retailers. The authorized retailers are responsible for providing the processing companies with the appropriate bank routing and account information. The processing companies are responsible for providing the retailers with the EBT terminals.

13. SNAP payments come to the retailers in the form of wire transfers from the processing company based upon retailers' daily sales totals from SNAP benefits. These payments typically take two banking business days to clear to the retailer's bank account. Each state has an approved contractor that can facilitate these SNAP

transactions. The State of Rhode Island uses JP Morgan Chase to facilitate the administration of its SNAP benefits, which in turn uses Fidelity Information Services to administer the funds.

14. Retailers also must obtain a license from the USDA Food and Nutrition Service to accept SNAP benefits from eligible recipients as payment for authorized food purchases. Before receiving authorization to participate in SNAP, a retailer is provided with an application to participate in SNAP and a book of federal regulations governing SNAP. The SNAP application advises retailers of the SNAP regulations, including those prohibiting the retailer from providing cash or ineligible items to recipients in exchange for the recipient's SNAP benefits. Typical ineligible items include gasoline, tobacco products, alcohol, paper products, and cleaning products.

COUNT I (18 U.S.C. § 371)- CONSPIRACY TO USE, TRANSFER, ACQUIRE, POSSESS, AND REDEEM FOOD STAMPS IN AN UNAUTHORIZED MANNER

15. The Grand Jury incorporates by reference the allegations in paragraphs 1-14 of this Superseding Indictment and further charges:

16. Beginning on or about January 1, 2011 and continuing until on or about April 1, 2013, the exact dates unknown to the Grand Jury, in the District of Rhode Island, the defendants, AMIR RASHEED, KARUNA MEHTA, and MASHHOD AFZAL, did knowingly and intentionally combine, conspire, confederate, and agree together, and with other persons known and unknown to the Grand Jury, to use, transfer, acquire, possess and redeem SNAP benefits in a manner not authorized by law and

regulation, where the SNAP benefits have an aggregate value of \$5,000 or more, in violation of 7 U.S.C. § 2024(b) and (c).

THE OBJECT OF THE CONSPIRACY

17. It was the object of the conspiracy for the defendants to enrich themselves and others by allowing recipients of SNAP benefits to redeem their SNAP benefits for cash and ineligible items and by charging the recipients a surcharge in return for allowing them to redeem their benefits for cash and ineligible items.

MANNER AND MEANS

18. It was part of the conspiracy that RASHEED, MEHTA and AFZAL regularly allowed SNAP benefit recipients to exchange SNAP benefits for cash and ineligible items at Stop & Go.

19. On numerous occasions during the conspiracy, RASHEED, MEHTA and AFZAL accepted EBT cards from SNAP recipients seeking to exchange their SNAP benefits for cash, and passed those EBT cards through a point of sale terminal for the purpose of causing SNAP benefits to be electronically transferred to the SNAP account.

20. It was further part of the conspiracy that the defendants charged the SNAP benefit recipients' EBT cards an additional amount as a surcharge for providing cash back. The surcharge varied depending upon the customer, but was often close to the same amount as the recipient asked to receive in cash.

21. It was further part of the conspiracy that RASHEED arranged to have all USDA SNAP benefits deposited into the SNAP account controlled by him.

22. It was further part of the conspiracy that by engaging in these fraudulent transactions, the defendants caused the USDA to transfer a total of more than \$400,000 to the Stop & Go SNAP account. These funds were then commingled with other receipts of Stop & Go, including cash, checks and credit card receipts.

23. It was further part of the conspiracy that between on or about February 1, 2011 and on or about April 1, 2013, RASHEED withdrew or caused to be withdrawn over \$100,000 in U.S. currency from the SNAP account.

24. It was further part of the conspiracy that between on or about January 1, 2011 and on or about April 1, 2013, RASHEED transferred or caused to be transferred over \$380,000 in funds from the SNAP account to the MoneyGram account.

25. It was further part of the conspiracy that between on or about February 1, 2011 and on or about April 1, 2013, RASHEED withdrew or caused to be withdrawn over \$12,000 in U.S. currency from the MoneyGram account.

OVERT ACTS

26. In furtherance of the conspiracy and to effect the objects of the conspiracy, the following overt acts, among others, were committed in the District of Rhode Island and elsewhere:

27. On or about the dates set forth in the table below, as well as other occasions, in the District of Rhode Island, RASHEED acquired SNAP benefits in a manner not authorized by law or regulation, in the amounts set forth in the table below, when MEHTA or another employee of Stop & Go exchanged cash and merchandise for SNAP benefits at Stop & Go:

<u>Date</u>	<u>Merchandise purchased during transaction</u>	<u>Cash provided to customer</u>	<u>Total SNAP benefits acquired by RASHEED</u>
7/12/12	\$2.25	\$40	\$ 82.25
8/1/12	\$3.96	\$80	\$163.96
9/5/12	Free drink	\$60	\$120.00
10/2/12	\$1.96	\$60	\$161.96
11/1/12	\$2.00	\$80	\$162.00
12/3/12	\$5.96	\$80	\$165.96
1/3/13	\$2.99	\$80	\$162.99
2/4/13	\$2.96	\$80	\$162.96
3/4/13	\$3.71	\$80	\$163.71

28. As a direct result of the above detailed unlawful cash for SNAP benefits exchanges, the defendants caused the electronic transfer into the SNAP account SNAP benefits in the amounts listed above.

All in violation of 18 U.S.C. § 371.

COUNTS II - VIII - (7 U.S.C. § 2024(b) and 18 U.S.C. § 2) - USE, TRANSFER, ACQUIRE AND POSSESS SNAP BENEFITS IN AN UNAUTHORIZED MANNER AND AIDING AND ABETTING

29. The Grand Jury repeats and incorporates by reference the allegations in paragraphs 1 - 14 and 18 - 22 of this Superseding Indictment and further charges:

30. On or about the dates set forth below, in the District of Rhode Island, the defendants, AMIR RASHEED and KARUNA MEHTA, did knowingly and intentionally use, transfer, acquire, and possess benefits in an amount set forth below and in a manner not authorized by law and regulation. Specifically, defendants did willfully and knowingly obtain, at a discounted value, SNAP benefits for cash:

<u>Count</u>	<u>Date</u>	<u>Merchandise purchased during transaction</u>	<u>Cash provided to customer</u>	<u>Total SNAP benefits acquired by RASHEED</u>
II	8/1/12	\$3.96	\$80	\$163.96
III	10/2/12	\$1.96	\$60	\$161.96
IV	11/1/12	\$2.00	\$80	\$162.00
V	12/3/12	\$5.96	\$80	\$165.96
VI	1/3/13	\$2.99	\$80	\$162.99
VII	2/4/13	\$2.96	\$80	\$162.96
VIII	3/4/13	\$3.71	\$80	\$163.71

All in violation of 7 U.S.C. § 2024(b) and 18 U.S.C. § 2.

COUNTS IX - XVII (18 U.S.C. § 1956(a)(1)(B)(i)) - MONEY LAUNDERING

31. The Grand Jury repeats and incorporates by reference the allegations in paragraphs 1 - 14 and 18 - 25 of this Superseding Indictment and further charges:

32. On or about the dates set forth below, in the District of Rhode Island, the defendant, AMIR RASHEED did knowingly conduct and cause to be conducted financial transactions affecting interstate commerce, namely, transferring funds from the SNAP account to the MoneyGram account and making cash withdrawals from both accounts, which involved the proceeds of a specified unlawful activity, that is, SNAP benefit fraud, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, and that while conducting such financial transactions, knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity.

<u>COUNT</u>	<u>DATE</u>	<u>FINANCIAL TRANSACTION</u>	<u>AMOUNT</u>
IX	4/4/11	Transfer of funds from the SNAP account to the MoneyGram account	\$10,650.00
X	7/5/11	Cash withdrawal from the SNAP account	\$ 4,000.00
XI	11/4/11	Cash withdrawal from the SNAP account	\$ 5,600.00
XII	3/5/12	Transfer of funds from the SNAP account to the MoneyGram account	\$11,000.00
XIII	8/3/12	Cash withdrawal from the SNAP account	\$ 8,000.00
XIV	8/6/12	Cash withdrawal from the SNAP account	\$ 7,004.55
XV	12/3/12	Cash withdrawal from the SNAP account	\$ 4,000.00
XVI	2/4/13	Cash withdrawal from the SNAP account	\$ 3,700.00
XVII	3/4/13	Cash withdrawal from the SNAP account	\$ 2,200.00

All in violation of 18 U.S.C. § 1956(a)(1)(B)(i).

COUNTS XVIII – (7 U.S.C. § 2024(b) and 18 U.S.C. § 2) - USE, TRANSFER, ACQUIRE AND POSSESS SNAP BENEFITS IN AN UNAUTHORIZED MANNER AND AIDING AND ABETTING

33. The Grand Jury repeats and incorporates by reference the allegations in paragraphs 1 - 14 and 18 - 22 of this Superseding Indictment and further charges:

34. On or about March 1, 2013, in the District of Rhode Island, the defendant, MASHHOD AFZAL, did knowingly and intentionally use, transfer, acquire, and possess SNAP benefits having a value of \$100 or more in a manner not authorized by law and regulation, in that the defendant did exchange and cause to be exchanged cash for SNAP benefits, in violation of 7 U.S.C. § 2024(b).

COUNT XIX – (18 U.S.C. § 1001) – FALSE STATEMENTS

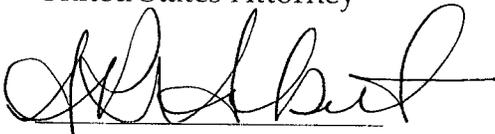
35. On or about April 12, 2013, in the District of Rhode Island, the defendant, MASHHOD AFZAL, did knowingly and willfully make materially false, fictitious, and

fraudulent statements and representations to a Special Agent with the USDA, in a matter that is within the jurisdiction of the USDA, in that the defendant falsely denied exchanging cash for food stamp benefits, in violation of 18 U.S.C. § 1001(a).

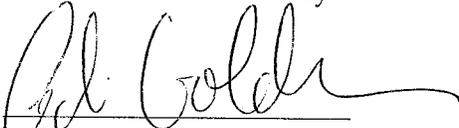
A TRUE BILL:

REDACTED

PETER F. NERONHA
United States Attorney



SANDRA R. HEBERT
Assistant U.S. Attorney



ADI GOLDSTEIN
Assistant U.S. Attorney
Criminal Chief

Dated:

September 18, 2013