
**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA	:	Hon. Mark Falk
	:	
v.	:	Mag. No. 18-3543
	:	
MARIA TERESA VENEGAS,	:	<u>CRIMINAL COMPLAINT</u>
a/k/a "Maria Teresa Vanegas"	:	
a/k/a "Teresa Vanegas"	:	
a/k/a "Maria Vanegas Lazo," and	:	<u>UNDER SEAL</u>
	:	
MANUEL VENEGAS,	:	
a/k/a "Manuel Vanegas"	:	

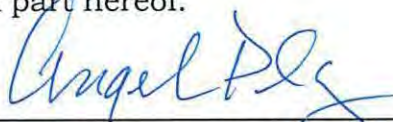
I, Angel Plaza, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the United States Department of Agriculture-Office of the Inspector General Investigations, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.

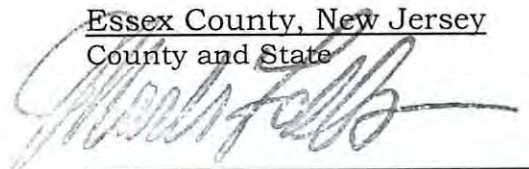


Angel Plaza, Special Agent
United States Department of Agriculture
Office of Inspector General

Sworn to before me and subscribed in my presence,

March 6, 2018
Date

Honorable Mark Falk
United States Magistrate Judge
Name and Title of Judicial Officer

Essex County, New Jersey
County and State


Signature of Judicial Officer

ATTACHMENT A

From in or around November 2011 through in and around March 2018, in Essex County, in the District of New Jersey and elsewhere, defendants

**MARIA TERESA VENEGAS, and
MANUEL VENEGAS**

did knowingly embezzle, steal, purloin, and convert to their use or the use of others money and things of value of the United States or of a department or agency of the United States, namely benefits associated with the Supplemental Nutrition Assistance Program ("SNAP").

In violation of Title 18, United States Code, Section 641 and Section 2.

ATTACHMENT B

I, Angel Plaza, am a Special Agent with the United States Department of Agriculture – Office of Inspector General (“USDA-OIG”). I have knowledge of the following facts based upon both my investigation and discussions with other law enforcement personnel and others. Because this affidavit is being submitted for the limited purpose of establishing probable cause to support the issuance of a complaint, I have not set forth each and every fact that I know concerning this investigation. Where statements of others are related herein, they are related in substance and part. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

The Supplemental Nutrition Assistance Program (formerly the Food Stamp Program)

1. The Supplemental Nutrition Assistance Program (“SNAP”) is a program funded by the United States government whereby low-income individuals who qualify receive benefits to purchase eligible food items.¹ SNAP benefits are loaded onto Electronic Benefits Transfer (“EBT”) cards. The EBT cards are automatically credited with the appropriate level of food stamp benefits for each SNAP recipient (the “SNAP Recipients”).

2. Food retailers apply for authorization to participate in SNAP. Once a retailer has been authorized to enroll in SNAP (thus becoming an “Authorized Retailer”), the Authorized Retailer may redeem purchases of eligible food products by SNAP Recipients.

3. SNAP benefits are transferred directly via electronic transfer from the United States Treasury into a bank account designated by the Authorized Retailer. Authorized Retailers receive training materials about the rules and regulations of SNAP before receiving authorization, and they are responsible for training employees on the proper acceptance and handling of SNAP benefits.

4. To complete a purchase, a SNAP Recipient swipes an EBT card at the point-of sale at the Authorized Retailer and enters a Personal Identification Number. If approved, the Recipient’s account is then debited for the amount of the purchase, and the funds are credited to the Authorized Retailer’s account.

¹ SNAP benefits may only be used to purchase specific food items, and may not be used to purchase prepared foods, alcoholic beverages, pet food, or other non-food items. More fundamentally, SNAP benefits may not be exchanged for cash, a practice known as “trafficking.”

Overview

5. USDA-OIG has uncovered a long-running scheme to defraud the United States government by Jenny's Deli LLC ("Jenny's Deli"), an Authorized Retailer located in Newark, New Jersey. The investigation has revealed that the listed owner of Jenny's Deli and her father, and others, including employees of Jenny's Deli (collectively, the "Redeemers"), have unlawfully redeemed SNAP benefits in exchange for cash. In sum, the Redeemers entered fictitious dollar amounts for allegedly eligible SNAP EBT transactions, provided Recipients a percentage of the transaction's value in cash, and kept the remainder. As an example, a Recipient might have purchased eligible food items worth approximately \$5.00, but the Redeemers debited \$75.00 from the Recipient's EBT account, which was then credited to Jenny's Deli's bank account. The Redeemers gave the Recipient a portion of the overage in cash and kept a portion of the proceeds, not including the costs of store items that were purchased.

The Scheme To Defraud

6. Defendants Maria Teresa Venegas, the listed owner of Jenny's Deli, and her father, Manuel Venegas, as well as other known and unknown employees, conducted numerous fraudulent SNAP benefits transactions, as detailed in part below.²

7. In or around September 2011, Maria Teresa Venegas submitted a SNAP application to USDA's Food and Nutrition Service ("FNS") for Jenny's Deli to participate in SNAP. By executing and submitting the application, Maria Teresa Venegas attested that she had read the warnings and certification, which provided, among other things, that she would prevent all workers at Jenny's Deli from breaking SNAP rules and regulations. Maria Teresa Venegas further signed a certification acknowledging that she agreed to "accept responsibility on behalf of the firm for violations of the Supplemental Nutrition Assistance Program regulations, including . . . [t]rading cash for Supplemental Nutrition Assistance Program benefits (i.e., trafficking)."

8. Starting on or about October 2011, Jenny's Deli was authorized to accept SNAP benefits.

9. Jenny's Deli is a small convenience store, sometimes referred to as a bodega. SNAP benefit purchases of eligible food items over \$50.00 in convenience stores such as Jenny's Deli are rare. Indeed, as opposed to large supermarkets, the square footage, number of registers, and the amount of inventory in small convenience stores, like Jenny's Deli, does not normally lead to customers purchasing high-dollar amounts in food items. Accordingly, a high number of

² In an application for Jenny's Deli to participate in USDA's Food and Nutrition Service ("FNS"), "Maria T. Venegas" is listed as the owner.

SNAP EBT transactions over \$50.00 is indicative of SNAP EBT trafficking.

10. Analysis of EBT transaction data for Jenny's Deli revealed approximately \$888,486.89 in purported EBT purchases of more than \$50 made at Jenny's Deli from in or around November 2011 through in or around February 2018. Based on my training and experience, I believe that legitimate EBT purchases in excess of \$50.00 at Jenny's Deli would be highly unusual due to the limited supply of eligible SNAP food items at the store, and nearly \$900,000 in such transactions in a little over six years is indicative of fraud.

11. From in or around April 2015 to in or around March 2018, an undercover agent ("UC") engaged in approximately 20 "purchases" at Jenny's Deli. As just a few examples:

a. During an undercover operation conducted on or about June 17, 2015, during which the UC was equipped with a video and audio recording device, the UC used an undercover EBT card to make a SNAP purchase totaling \$62.76. The UC presented a soda and a bag of chips to Manuel Venegas, who was at the deli counter, and asked for cash. Manuel Venegas directed the UC to Maria Teresa Venegas, who was behind the counter at the checkout register. When the UC presented the items and his EBT card and asked for cash, Maria Teresa Venegas initially stated that she would not provide cash. When the UC told Maria Teresa Venegas that Manuel Venegas had told the UC that Maria Teresa Venegas would provide cash, Maria Teresa Venegas left the counter area to speak with Manuel Venegas at the deli counter. When Maria Teresa Venegas returned, she asked the UC how much cash he wanted. The UC responded that he wanted \$42.00 in cash. In violation of SNAP rules and regulations, Maria Teresa Venegas ran the EBT transaction for \$62.76 and gave the UC \$42.00 in cash. The full EBT amount, including the overage, was deposited into Jenny's Deli's bank account.

b. During an undercover operation conducted on or about September 12, 2016, during which the UC was equipped with a video and audio recording device, the UC used an undercover EBT card to make a SNAP purchase totaling \$77.41. The UC presented a soda and chips to Manuel Venegas, who was at the register behind the counter, and asked for \$50.00 in cash. Manuel Venegas responded that the UC should purchase \$6 or \$7 in food items, in an apparent effort to conceal the SNAP trafficking, so the UC added a can of coffee to the other food products he had presented at the register. In violation of SNAP rules and regulations, Manuel Venegas ran the EBT transaction for \$77.41 and gave the UC \$50.00 from the register. The full EBT amount, including the overage, was

deposited into Jenny's Deli's bank account.

c. During an undercover operation conducted on or about November 14, 2017, during which the UC was equipped with a video and audio recording device, the UC used an undercover EBT card to make a SNAP purchase totaling \$75.59. The UC presented a soda, a spice jar, and coffee to a Jenny's Deli worker ("Redeemer 1"), who was at the register behind the counter, and asked for \$50.00 in cash. Redeemer 1 stated she would give the UC \$42.00 in cash, and the UC agreed. In violation of SNAP rules and regulations, Redeemer 1 ran the EBT transaction for \$75.59 and gave the UC \$42.00 from the register. The full EBT amount, including the overage, was deposited into Jenny's Deli's bank account.

d. During an undercover operation conducted on or about March 2, 2018, during which the UC was equipped with a video and audio recording device, the UC used an undercover EBT card to make a SNAP purchase totaling \$78.21. The UC presented a soda and a coffee to Maria Teresa Venegas, who was at the register behind the counter, and asked for a candy bar and \$50.00 in cash. Maria Teresa Venegas asked the UC when the UC had last been in Jenny's Deli, to which the UC responded that he had stopped in the previous month. Maria Teresa Venegas then compared the UC's EBT card with a notebook she kept behind the counter, in an apparent effort to confirm when the UC had last been in Jenny's Deli to redeem funds on his EBT card for cash. Afterward, Maria Teresa Venegas instructed the UC to collect more groceries. The UC retrieved a seasoning and returned to the register. Maria Teresa Venegas then told the UC to wait a few minutes, and, while the UC was waiting, Manuel Venegas entered Jenny's Deli and sat behind the counter near the register. Then, in violation of SNAP rules and regulations, Maria Teresa Venegas ran the EBT transaction for \$78.21 and gave the UC \$50.00 in cash from the register. The full EBT amount, including the overage, was deposited in Jenny's Deli's bank account.

12. During the approximately 20 undercover operations in which SNAP benefits were redeemed for cash at Jenny's Deli, approximately 70% was given to the UC, while Maria Teresa Venegas, Manuel Venegas, and/or other Redeemers retained approximately 30% of the SNAP benefits.

13. USDA Agents have reviewed Jenny's Deli's SNAP EBT redemption records and have visually inspected its business premises. In spite of its small size, Jenny's Deli has redeemed a disproportionately high number of SNAP benefits compared to other similarly sized stores in its vicinity. For example, from in or around February 2017 through in or around January 2018, Jenny's Deli redeemed approximately \$244,270.17 in SNAP benefits. For that same

period, three other small grocery stores in the same vicinity redeemed far less. Specifically, Convenience Store 1, located 0.14 miles from Jenny's Deli, redeemed \$6,201.69 in SNAP benefits during the same time period; Convenience Store 2, located 0.25 miles from Jenny's Deli, redeemed \$12,661.04 in SNAP benefits during the same time period; and Convenience Store 3, located 0.43 miles from Jenny's Deli, redeemed \$6,717.48 in SNAP benefits during the same time period. Based on my training and experience, the disproportionately high number of SNAP redemptions at Jenny's Deli compared to similar-sized businesses in the vicinity of Jenny's Deli is indicative of SNAP fraud.