

United States Attorney

District of Minnesota

## **NEWS RELEASE**

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**FOR IMMEDIATE RELEASE**

**Monday, December 1, 2003**

**Minneapolis - The United States Attorney's Office filed a civil complaint today alleging a \$4 million fraud by one of the largest recipients of farm subsidies in the United States.**

**The complaint alleges Lamont Peterson, Owen Peterson, Vernon Peterson, and Shirley Peterson, operating as Peterson Farms; Alan Peterson and Corwin Peterson, operating as Division III Farms; and Rebecca Van Vickle, operating as Keywest Farms, with violating the Federal False Claims Act. The three farming partnerships all initially operated out of the same Wendell, MN, address.**

**The complaint, filed in U.S. District Court, alleges that the defendants created a fraudulent scheme to avoid Congress' mandate to cap the amount of farm subsidies a person can receive each year. The complaint contends that from 1996 to 2002, the defendants conspired to circumvent farm program payment caps by claiming to the United States Department of Agriculture (USDA) that Peterson Farms, Keywest Farms, and Division III Farms were three separate and distinct farming operations when in fact they were not and by claiming to the USDA that certain persons affiliated with the three partnerships were actively engaged in farming when in fact they were not. By providing such false information to the USDA, the defendants were able to fraudulently increase their annual payments from one to nine under five separate federal farm programs. During the course of the fraudulent scheme, the defendants submitted 176 false claims to the USDA, totaling \$4,208,450.60 in farm subsidies.**

**The complaint alleges that individuals associated with Peterson Farms in fact managed and controlled the operations of Keywest Farms and Division III Farms. Because Keywest Farms and Division III Farms were not separate and distinct from Peterson Farms and because people associated with them were not actively engaged in farming, Keywest and Division III partners were not entitled to separate farm program payments.**

**The complaint also alleges crop insurance fraud by the defendants. In 1998 and 1999, the defendants conspired to defraud the United States by misrepresenting material facts on their crop insurance applications and claim forms in order to secure crop insurance coverage and receive crop insurance payments. By operating through Division III Farms and Keywest Farms, Peterson Farms redirected crop production, income, and expenses in order to receive crop insurance payments. The complaint alleges that Peterson Farms and Keywest Farms received approximately \$675,592 in crop insurance payments to which they were not entitled. Federal crop insurance is available to farmers who legitimately suffer crop losses because of weather, disease, or other damage.**

**“The conduct of the defendants in this case is a slap in the face of the honest, hard-working farmer who legitimately receives farm subsidies and the equally hard-working taxpayer who funds our farm programs,” said U.S. Attorney Thomas B. Heffelfinger. “This and other cases like it will be aggressively pursued.”**

**Peterson Farms of Wendell, MN, is one of the largest recipients of farm aid in the nation. It farms land in South Dakota and in the following Minnesota counties: Grant, Kittson, Marshall, Polk, and Stevens. Division III Farms farmed land in Cass County, North Dakota, and Keywest Farms currently farms land in Polk County, Minnesota.**

**In 1987, Congress enacted limits on the amount of farm subsidies any one farmer can receive each year in order to promote the fair distribution of limited federal aid among the approximately 1.9 million farm operators in the United States.**

**In its complaint, the United States is seeking damages of three times the amount paid in farm subsidies and crop insurance to the defendants in addition to civil monetary penalties. The defendants have twenty days to respond to the complaint once it is served on them.**

**The case was investigated by USDA's Office of Inspector General. USDA's Risk Management Agency and the Farm Service Agency assisted with the investigation. Assistant United States Attorney Greg Brooker is representing the United States.**

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