



U.S. Department of Justice

*United States Attorney
Western District of North Carolina*

Headquarters:

*Suite 1700, Carillon Building
227 West Trade Street
Charlotte, North Carolina 28202
(704) 344-6222
FAX (704) 344-6629*

Branch:

*Room 207, U.S. Courthouse
100 Otis Street
Asheville, North Carolina 28801
(704) 271-4661
FAX (704) 271-4670*

NEWS RELEASE

September 8, 2005

Direct Further Inquiries to:

Renee Miller - (704) 338-3156

**BUNCOMBE COUNTY FARMERS SENTENCED
IN FEDERAL CROP INSURANCE FRAUD SCHEME**

Gretchen C. F. Shappert, United States Attorney for the Western District of North Carolina, announced that United States District Judge Lacy Thornburg sentenced two Buncombe County farmers, a husband and wife, following their guilty pleas in federal court on charges related to a massive crop insurance fraud scheme. Robert and Viki Warren, of Candler, North Carolina, were indicted by a grand jury on October 8, 2003. The indictment charged the Warrens, as well as two of their employees, an insurance agent, and an insurance adjuster, with participating in an extensive scheme to defraud the Federal Crop Insurance Corporation ("FCIC") and several private insurance companies of more than \$9 million between 1997 and 2001, and attempting to obtain an additional \$2.8 million in 2001 through 2003.

On July 15, 2004, Robert Warren pled guilty to conspiracy to defraud the FCIC, and conspiracy to commit money laundering. Viki Warren pled guilty to conspiracy to defraud the FCIC and to one count of mail fraud. In their plea agreements, the Warrens agreed to the forfeiture of \$7.3

million in proceeds of their crimes, and \$9.15 million in restitution to the United States Department of Agriculture.

Today, Judge Thornburg sentenced Robert Warren to 76 months imprisonment, to be followed by three years of supervised release, a \$200 special assessment, \$7.3 million in forfeiture, and \$9.15 million in restitution to the USDA. Judge Thornburg sentenced Viki Warren to 66 months imprisonment, to be followed by three years of supervised release, a \$200 special assessment, \$7.3 million in forfeiture, and \$9.15 million in restitution to the USDA.

As alleged in the indictment, the defendants began a scheme in 1997 to defraud the FCIC and the private insurance companies reinsured by the FCIC of millions of dollars. According to the indictment, the Warrens, who were tomato farmers with farms in Buncombe and Henderson Counties, North Carolina, as well as South Carolina and Tennessee, obtained crop insurance by creating false records purporting to show a history of high tomato production from their farms. The Warrens submitted false information to the insurance companies and the FCIC concerning such matters as their planting dates, their harvesting dates, their production from various farms, and their overall production each year. The indictment also charged that the Warrens staged false weather disasters by having employees throw ice cubes onto tomato fields and beat the tomato plants, and then taking photographs to substantiate their false claims. The indictment also alleged that the Warrens created false planting records, picking records, invoices and manifests to submit in support of their fraudulent claims. The indictment alleged that the Warrens and their employees created and forged letters and other documents supposedly from third parties to support their false claims.

In addition to the Warrens, three of the other defendants named in the indictment have pled guilty: George Kiser, an insurance agent from Lebanon, Virginia; Thomas Jeffrey Marsh, an insurance claims adjuster from Bulls Gap, Tennessee; and Demetrio Jaimes, a foreman for the Warrens from Candler. The final defendant in the indictment, Harold Dean Cole, was convicted at trial last year on a charge of making false statements to the FCIC. Kiser, Marsh, and Cole are awaiting sentencing. Jaimes, who cooperated with the investigation and testified at Cole's trial has previously been sentenced.

The agencies involved in the investigation of this case are The Office of Inspector General of the U.S. Department of Agriculture, the Special Investigations Branch of the USDA's Risk Management Agency, and the Internal Revenue Service, Criminal Investigations. The United States was also been assisted by the North Carolina State Bureau of Investigation and the Henderson County Sheriff's Office. The case was prosecuted by Assistant United States Attorneys Richard Lee Edwards and Don Gast.

USA v. Richard Warren, et al
WDNC Criminal Docket No. 1:03CR076-T

Robert Warren
Date of Birth: 07/12/1947
78 Smith Cove Road
Candler, North Carolina 28715

Viki Warren
Date of Birth: 08/30/1953
78 Smith Cove Road
Candler, North Carolina 28715

A copy of the federal bill of indictment and a detailed sentencing memorandum can be secured from the Office of the U.S. Attorney for the Western District of North Carolina, Asheville and/or Charlotte offices.

###